

ALASKA LEGISLATION, 2003-2004

11409 HOUSE COMMUNITY & REGIONAL AFFAIRS

Committee Substitute for Senate Bill 171 (FIN)(efd flr')

Sectional Analysis

gas development may receive grants from the NPR-A Special Revenue Fund to alleviate the impact.

- DCCED will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose.
- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects.
- The annual report prepared by DCCED will include written justification for each of the previous grants.

**Section 5.** Outlines the duties of the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

**Section 6.** Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The municipality will provide for an independent unaudited review for appropriation less than \$300,000 and an independent audit for an appropriation greater than \$300,000.
- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made and DCCED may not modify the terms or change the purpose of the appropriation.

**Section 7.** Makes a technical change.

**Section 8.** Prioritizes the use of the NPR-A Special Revenue Fund dollars.

Committee Substitute for Senate Bill 171 (FIN)(efd fld)  
Sectional Analysis

- Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve.
- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
- Lastly, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

**Section 9.** Addresses the appropriations from the NPR-A Special Revenue Fund

- The legislature will list in the appropriation bill the title and the amount for each grant awarded under Sections 4 - 6.

**Section 10.** Adds three new subsections to AS 37.05.530.

- The Department of Commerce may suspend the award of a new grant if a municipality has not made adequate progress in complying with a previously awarded grant.
- The Department of Commerce may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.

The Department of Administration shall apply any lapse funds to previously pro-rated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

## Senate Bill 171 – NPR-A Grants Proposal for a Committee Substitute

1. Communities impacted by oil and gas development within NPR-A shall submit grant applications to DCCED by November 15.
2. DCCED shall review the applications and verify the eligibility of the request.
3. DCCED shall submit its annual report to the legislature ten days after the beginning of the legislative session.
4. DCCED also shall submit the applications to the NPR-A Community Impact Mitigation Review Committee (Review Committee) ten days after the beginning of legislative session.
  - The Review Committee membership consists of four state agency employees selected by DCCED and four legislators who serve as ex-officio members, two representative and two senators selected by the House Speaker and Senate President.
  - Each legislator shall be a member of the finance committee.
5. The Review Committee shall meet in a public meeting to consider the eligible applications.
6. The Review Committee may ask applicants to appear before the committee – either in person or by teleconference – to discuss the grant request.
7. The Review Committee may consult with other state agencies to help determine the impact of oil and gas development within NPR-A (i.e. Dept. of Fish and Game, Dept. of Natural Resources, Dept. of Labor)
8. The Review Committee shall review, evaluate, and rank the Impact Mitigation Grants. The committee's discussions shall be made in a public meeting.
9. The Review Committee shall report its deliberations to the Commissioner of the Department of Commerce, Community and Economic Development.

10. The DCCED Commissioner shall submit the department's final recommendations to the Senate and House Finance Committees by March 15, or 28 days before the end of session, whichever is earlier.

## Criteria for Review

### NPR-A Community Impact Mitigation Grant Program

#### STEP ONE:

Impact is the first criteria. To meet this threshold, the grant applicant must first demonstrate impact due to oil and gas development within NPR-A, per federal law.

Impact is defined:

"A direct, clearly demonstrable adverse effect that proximately contributes to a material change or alteration to the environmental, social, cultural, recreational, or subsistence resources of the community." (Please see footnote.)

#### STEP TWO:

Once the Review Committee determines that an impact due to oil and gas development within NPR-A has been identified in the grant application, the Review Committee shall rate the application on the following criteria:

- Description
- Mitigation of the Impact
- Readiness (Administrative Capability)
- Budget Proposal
- Sustainability
- Other . . . . ?
- Other . . . . ?

Footnote: The definition is based on the following sources: (1) AS 46.40.210 (11) – Alaska Coastal Management Program, "proximately contributes to a material change or alteration" and "net adverse effect;" (2) Legislative Research Report, March 29, 2006 – "clearly demonstrable adverse effects;" (3) Section 12 in legislation under consideration by Congress relating to ANWR, *environmental, social, cultural, recreational, or subsistence resources of the community*

**Responses to Questions  
by  
House Community & Regional Affairs Committee  
Alaska House of Representatives  
To  
Alaska Department of Commerce, Community, and Economic Development  
Regarding the Hearing of  
SB171 NPR-A Grants  
30 March 2006**

**1. What is the amount of total Tongass Forest Receipts?**

The following table outlines Tongass National Forest Receipts to the State of Alaska between FY01 and FY2006.

FY01	\$2,303,713.60
FY02	\$9,163,597.00
FY03	\$9,236,906.63
FY04	\$9,347,749.46
FY05	\$9,469,269.00
FY06	\$9,687,063.63

**2. Which communities received forest impact aid and how much?**

See *Attachment A* provides an overview of the National Forest Receipts program, along with a detailed distribution of funds to cities and boroughs in Tongass and Chugach National Forests between FY2001 and 2006.

**3. Why were funds not taken out of National Forest Receipts and deposited into the Permanent Fund?**

Funds were not deposited into the Permanent Fund because the federal law required the funds to be made as direct grants and direct payments to the boroughs and cities in the Tongass, not deposited into the general fund.

**4. What is the amount of total capital funds and general funds that the North Slope Borough (NSB) has gotten for six years between 2000-2006?**

Anaktuvuk Pass	\$	273,831
Atkasuk	\$	343,938
Barrow	\$	2,977,450
Kaktovik	\$	220,000
North Slope Borough	\$	84,339
Nuiqsut	\$	328,000
Point Hope	\$	1,785,877
Prudhoe Bay	\$	685,629
Wainwright	\$	100,007
<b>Grand Total</b>	<b>\$</b>	<b>6,799,071</b>

This information comes from the Division of Community Advocacy Capital Projects Database. Note: The community of Point Lay did not have any State capital grants listed.

**5. Can the Department address issues with NPRA in-house instead of the Legislature having to pass this bill and does the department have any recommendations?**

We believe that the department has in the past few years strengthened the review process to be more accountable than it was in the last decade. While 3 AAC 150.050 c defines "impact" to mean an effect reasonably attributable to NPR-A activities on eight criteria, the department welcomes any legislative clarification and/or assistance to define impact in each of these areas.

## **Overview of the National Forest Receipts Program**

### **BACKGROUND**

Historically, the distribution of funds under the National Forest Receipts Program was made under 16 U.S.C. 500, commonly known as the 25 Percent Fund. The 1908 federal law provides that 25% of the annual income earned from activities within a national forest be paid to the state in which the national forest is situated "Provided, That when any national forest is in more than one State or county the distributive share to each from the proceeds of such forest shall be proportional to its area therein." The payment received must be used for the benefit of public schools and public roads.

State law, AS 41.15.180, also provides that the distribution of national forest income be paid to each borough, organized and unorganized, "proportional to the area of national forest located within its boundaries". For the organized boroughs, the state law provides that each shall determine locally what percentage of its payment is spent on schools and/or roads. For the unorganized borough share, the state law provides that 75% of the payment be allocated to home rule and first class cities and regional educational attendance areas for public schools based on annual school enrollment. The remaining 25% is allocated to all cities (including Metlakatla) that exercise road powers, based on the number of road miles maintained. The State of Alaska also receives an allocation based on the number of state roads maintained.

### **SECURE RURAL SCHOOLS AND SELF-DETERMINATION ACT OF 2000**

In 2000, Congress passed Public Law 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000 (the Act). The Act made substantial changes to how the payments to states are calculated and how the payments may be spent. The Act will be in effect for State fiscal years 2002 – 2007.

1) Each eligible borough had the option of continuing to receive its annual payment based on the 25% payment or the borough's share of the State's "full payment amount". The "full payment amount" was determined based on upon the average of the three highest payments made to the State during the 14-year eligibility period of 1986 – 1999. For the State of Alaska, the three highest payment years were 1990, 1991, and 1994 and resulted in a full payment amount over \$9 million. All organized boroughs elected to receive a share of the full payment amount. For the unorganized borough, the State also elected to receive a share of the full payment amount. Per the federal law, these elections remain in effect through the length of the Act (2007).

National Forest Receipts Overview  
Page Two

2) The Act provides that each State distribute payment among eligible boroughs in accordance with 16 U.S.C. 500. The USFS has stated that legislative history associated with the Act indicated that historical payments made during the 14-year eligibility period (1986-1999) generally were to be used in calculating each borough's share of the payments to the State. However, because AS 41.15.180 requires DCED to pay each borough based on current national forest acreage, we annually determine each borough's share based on current acreage rather than the historical payment method as promoted by the USFS. The State's distribution method has been approved by the USFS.

3) The Act also provides that each borough expend at least 15% but no more than 20% of its annual share of the full payment amount on projects under Titles II or III of the Act. The election by boroughs of their Title II and/or Title III projects percentages is made annually to the DCED. Funds for the Title II projects (known as public lands projects) are withheld by the USFS and are administered through a 15 member Resource Advisory Committee. Title III projects (known as borough projects), are paid to each borough by the DCED along with their school/road payment. Title III projects must be spent on certain services including search, rescue and emergency services; fire fighting; and after school forest related programs.

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
BOROUGH PAYMENTS**

**TONGASS NATIONAL FOREST**

Borough	Acres	Total Payment
Haines Borough	915,669	\$124,619.44
City & Borough of Juneau	1,710,896	\$232,593.12
Ketchikan Gateway Borough	740,014	\$100,603.52
City & Borough of Sitka	1,796,993	\$244,297.85
City & Borough of Yakutat	1,226,567	\$166,749.50
Unorganized Borough	10,197,822	\$1,386,374.93
<b>TOTAL ACRES</b>	<b>16,588,961</b>	
<b>TOTAL TONGASS PAYMENT</b>		<b>\$2,255,238.36</b>

**CHUGACH NATIONAL FOREST**

Borough	Acres	Total Payment
Municipality of Anchorage	274,983	\$2,468.12
Kenai Peninsula Borough	1,094,670	\$9,825.25
Kodiak Island Borough	3,455	\$31.01
Matanuska-Susitna Borough	43,386	\$389.41
City & Borough of Yakutat	420	\$3.77
Unorganized Borough	3,983,906	\$35,757.68
<b>TOTAL ACRES</b>	<b>5,400,820</b>	
<b>TOTAL CHUGACH PAYMENT</b>		<b>\$48,475.24</b>
<b>TOTAL STATE OF ALASKA PAYMENT</b>		<b>\$2,303,713.60</b>

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS**

<b>Municipality</b>	<b>Road Miles</b>	<b>Road Mile \$</b>	<b>ADM</b>	<b>School \$</b>	<b>Total Payment</b>
<b>Home Rule</b>					
Petersburg	21.56	\$18,209.33	678.30	\$207,451.60	\$225,660.93
Wrangell	10.51	\$8,876.62	488.35	\$149,357.20	\$158,233.83
<b>First Class</b>					
Craig	9.35	\$7,896.90	516.30	\$157,905.44	\$165,802.35
Hoonah	9.10	\$7,685.75	226.90	\$69,395.21	\$77,080.96
Hydaburg	6.20	\$5,236.45	102.85	\$31,455.69	\$36,692.14
Kake	14.02	\$11,841.13	165.00	\$50,463.68	\$62,304.81
Klawock	10.30	\$8,699.26	207.90	\$63,584.24	\$72,293.70
Pelican	1.10	\$929.05	23.00	\$7,034.33	\$7,963.38
Skagway	12.05	\$10,177.29	136.75	\$41,823.69	\$52,000.98
<b>Second Class</b>					
Angoon	7.69	\$6,494.88	N/A	N/A	\$6,494.88
Coffman Cove	15.54	\$13,124.90	N/A	N/A	\$13,124.90
Kasaan	8.47	\$7,153.66	N/A	N/A	\$7,153.66
Port Alexander	0.88	\$743.24	N/A	N/A	\$743.24
Tenakee Springs	2.50	\$2,111.47	N/A	N/A	\$2,111.47
Thorne Bay	34.00	\$28,716.00	N/A	N/A	\$28,716.00
<b>Federal Law</b>					
Metlakatla	34.70	\$29,307.22	N/A	N/A	\$29,307.22
<b>REAA'S</b>					
Annette Island	N/A	N/A	325.75	\$99,627.54	\$99,627.54
Chatham	N/A	N/A	247.50	\$75,695.52	\$75,695.52
Southeast Island	N/A	N/A	281.15	\$85,987.05	\$85,987.05
<b>TOTAL LOCAL</b>	<b>197.97</b>	<b>\$167,203.16</b>	<b>3,399.75</b>	<b>\$1,039,781.20</b>	<b>\$1,206,984.36</b>
<b>STATE</b>	<b>212.40</b>	<b>\$179,390.57</b>	<b>N/A</b>	<b>N/A</b>	<b>\$179,390.57</b>
<b>GRAND TOTAL</b>	<b>410.37</b>	<b>\$346,593.73</b>	<b>3,399.75</b>	<b>\$1,039,781.20</b>	<b>\$1,386,374.93</b>

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS**

<b>Municipality</b>	<b>Road Miles</b>	<b>Road Mile \$</b>	<b>ADM</b>	<b>School \$</b>	<b>Total Payment</b>
<b>Home Rule</b>					
Cordova	12.90	\$704.24	475.95	\$8,450.84	\$9,155.08
Valdez	25.25	\$1,378.44	864.75	\$15,354.27	\$16,732.72
<b>Second Class</b>					
Whittier	8.60	\$469.49	N/A	N/A	\$469.49
<b>REAA'S</b>					
Chugach	N/A	N/A	169.70	\$3,013.15	\$3,013.15
<b>TOTAL LOCAL</b>	46.75	\$2,552.17	1,510.40	\$26,818.26	\$29,370.43
<b>STATE</b>	117.00	\$6,387.25	N/A	N/A	\$6,387.25
<b>GRAND TOTAL</b>	163.75	\$8,939.42	1,510.40	\$26,818.26	\$35,757.68

**STATE OF ALASKA  
 FY 02 NATIONAL FOREST RECEIPTS  
 BOROUGH PAYMENTS  
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND  
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

**TONGASS NATIONAL FOREST**

<b>Borough</b>	<b>Acres</b>	<b>Schools/Roads \$</b>	<b>15% Projects \$</b>	<b>Total Payment</b>
Haines Borough	916,669	\$423,648.60	\$74,761.52	\$498,410.12
City & Borough of Juneau	1,710,896	\$790,709.29	\$139,536.93	\$930,246.22
Ketchikan Gateway Borough	740,014	\$342,005.56	\$60,353.92	\$402,359.48
City & Borough of Sitka	1,796,993	\$830,499.96	\$146,558.82	\$977,058.77
City & Borough of Yakutat	1,226,567	\$566,871.35	\$100,036.12	\$666,907.47
Unorganized Borough	10,197,822	\$4,713,034.90	\$831,712.04	\$5,544,746.95
<b>TOTALS</b>	<b>16,588,961</b>	<b>\$7,666,769.65</b>	<b>\$1,352,959.35</b>	<b>\$9,019,729.00</b>
<b>TOTAL TONGASS PAYMENT</b>				<b>\$9,019,729.00</b>

**CHUGACH NATIONAL FOREST**

<b>Borough</b>	<b>Acres</b>	<b>Schools/Roads \$</b>	<b>15% Projects \$</b>	<b>Total Payment</b>
Municipality of Anchorage	274,983	\$7,325.05	\$0.00	\$7,325.05
Kenai Peninsula Borough	1,094,570	\$29,160.01	\$0.00	\$29,160.01
Kodiak Island Borough	3,155	\$92.03	\$0.00	\$92.03
Matanuska-Susitna Borough	43,386	\$1,155.72	\$0.00	\$1,155.72
City & Borough of Yakutat	420	\$9.51	\$1.68	\$11.19
Unorganized Borough	3,983,906	\$90,205.39	\$15,918.60	\$106,123.99
<b>TOTALS</b>	<b>5,400,820</b>	<b>\$127,947.72</b>	<b>\$15,920.28</b>	<b>\$143,868.00</b>
<b>TOTAL CHUGACH PAYMENT</b>				<b>\$143,868.00</b>

**TOTAL STATE OF ALASKA PAYMENT** **\$9,163,597.00**

Testimony of Edward S. Itta  
Mayor, North Slope Borough

on SB 171 – Amending NPR-A Grant Program

House Community and Regional Affairs Committee  
March 30, 2006

Thank you, Mr. Chairman.

Now that you've had a chance to hear the sponsor and the Administration talk about SB 171's proposed changes to the NPR-A Impact Aid Grant Program, I appreciate this opportunity for people from the NPR-A communities to tell you what it's like in the places that are directly affected by industry activity.

As you know, the NPR-A grant program was born 25 years ago after these petroleum reserve lands were transferred from the Navy to the Department of the Interior with the intent of pursuing commercial development. Senator Stevens was aware that activity in NPR-A had already caused a lot of impacts in the local communities, and he wanted them to receive a healthy share of the non-federal revenues from development. It wasn't Senator Stevens' desire to wrap these villages up in complex arguments about what constitutes a direct impact or an indirect impact. That is a recent invention by this bill's sponsor.

Senator Stevens' intention – as it was expressed in the federal law that created the program – was pretty simple. He recognized that community impacts had occurred in the past and would occur in the future. He knew that these lands were the most important subsistence territory for the majority of North Slope residents. And he wanted the impacted communities to receive benefits at a level that corresponds to development.

The obvious and simple way to do that – as it was established in the federal law – is to let impact aid rise and fall with revenues. The revenue levels would give a general indication of current and future activity, and a general indication of impacts. The impact aid program would give communities a way to respond and to prepare for the increasing level of impacts that were likely to occur.

And that is exactly what is happening. From 1987-1995, there was some revenue generated from existing leases, then it went quiet for a few years before the big sales in 1999, 2002 and 2004 took place. Suddenly, more than 2.8 million acres are leased, and with the price of oil up so high, the industry is really eager. There will also be a lease sale later this year that offers the area north of Teshekpuk Lake for the first time.

If you want to talk about impacts to the communities, Teshekpuk Lake is a good place to start. That area is a tremendous magnet for waterfowl of all kinds, as a nesting and molting area. Birds come from thousands of miles away in the spring. The Teshekpuk

caribou herd is also based there, migrating in and out through a narrow neck of land between the eastern edge of the lake and the ocean.

In terms of subsistence, the Teshekpuk area is the focal point of the whole region, and all four of our NPR-A communities harvest from these wildlife populations while they are in the Teshekpuk region or during their migratory travels. If you want to make people nervous on the North Slope, just tell them that the industry is gearing up to move into the Teshekpuk area, especially the most sensitive area north of the lake, where the greatest concentrations of wildlife are found.

Well, that is exactly what we were told by BLM when they released their Record of Decision on Northeast NPR-A last month.

I bring this up because it is a good illustration of the way that impacts can take effect. When you are a subsistence hunter, you don't need an oil rig next to your campsite before there's an impact. You don't need a rig or a road or a seismic crew. For some of the most serious impacts, all you need is a threat.

The area around Teshekpuk Lake – especially on the north side of it – is a subsistence breadbasket. When I talk to people in the villages and Barrow, the idea that those lands are about to be leased isn't just a piece of worrisome news. It hits them in the stomach. It is a threat to their culture, because it is a threat to activities at the core of their culture. I think you understand that this is not just about hunting. It's about preserving the activities that make our culture possible. For the Native people up north, the new threat around Teshekpuk Lake is one more threat to the continuation of their culture.

So people in all of the NPR-A communities are experiencing a new impact – before the ground has even been leased. That is the nature of impacts in a cross-cultural situation. They are not always easy to understand or even identify, because they are created in the context of one culture and received in the context of another culture. The more you try to tie specific actions to specific effects, the more you will miss some of the most profound impacts. These are the ones that come from a feeling deep inside our people that their traditional hunting grounds are gradually being taken away for another use, a use that will disrupt the wildlife we depend on. Disrupting the wildlife disrupts the people. And while it takes time to figure out how much the wildlife are affected, it doesn't take any time for people to feel worried and threatened and stressed.

That's why the villages apply for youth programs and recreation facilities. They are trying to create alternative activities for kids in a culture that is under stress. They apply for school counselors and anti-drug programs, because they're trying to head off some of the social problems that arise when a culture feels it is under siege. NPR-A is clearly not the only source of stress on our kids and communities. But it is one source, and with BLM's decision to open up the Teshekpuk lands that have always been protected, it is a lot bigger source of stress than it used to be.

I think this kind of widespread social impact that is hard to get your arms around – and hard to quantify – was anticipated by the federal law. It is the kind of impact that stays under the radar, but it is real and very disturbing. It's the undercurrent that affects everyone, while the more obvious impacts affect one village more than another. Nuiqsut is in the eye of the storm now, but it was a quiet village ten years ago. Wainwright is still a pretty quiet village, but they feel this undercurrent, this fundamental shift in land use priorities. They go to the BLM meetings and see maps of the 2.8 million acres that have been leased for exploration in the hunting grounds. Development starts on the drawing board, not on the drill rig, and so do impacts.

The people of Wainwright and Atkasuk and Barrow and Nuiqsut see what's coming across the Colville River. What's coming is a seismic shock to their subsistence view of the world. They've heard that there might be ten billion barrels under there. For someone who depends on a very different use of that land, it creates a real impact, and that impact is directly tied to development. And like any social or cultural impact, it's very hard to show a direct cause-and-effect link.

I believe that is why the federal law leaves a lot of latitude in its approach to impact aid. Sure, there have to be guidelines and a demonstration of impact. Maybe we haven't always done the best possible job of communicating these impacts. But we are making progress on that. The DCED staff congratulated our grants people in this last round of applications; they said our impact justifications were much stronger than in the past.

It's very hard to prove a direct link between a seismic crew marching across the tundra and a change in the behavior of animals or humans in the area. We can't do it, and the Legislature can't do it. And yet that is the kind of hard-wired relationship between activities and impacts that the sponsor of this bill wants to require. If that's what he wants, then his argument is not with us, and it is not with the program as it operates now. His argument is with the federal law that provides this money in the first place. His argument is with Senator Stevens, who saw the need for impact assistance at the local level and created the program.

So I believe that some of the most profound impacts are these very subtle changes in the minds and hearts of our people as they see the industry march to the west across the breadbasket of their traditional lands. There are plenty of smaller, everyday impacts too. They happen so often that we don't even think about them. They might be incidents where we are called on to help the industry. We respond without thinking about it, because that's what you do when someone is in trouble in the Arctic. Our Search and Rescue department has flown 200 miles out to sea to medevac someone from a seismic ship. We fly medevacs to remote industry campsites to pick up sick or injured workers. It's happened several times in the past few months. In fact, just last week our emergency response team saved the life of an oil worker who had both legs trapped in an auger at a remote drilling site. He didn't come out of it so good, but he's still alive, and it's because we are the first responder on the Slope. Not the state or the feds or the industry. In fact, some of the lifesaving equipment that was used in this rescue was paid for by an NPR-A

grant. You won't hear about grants like that when you're listening to the bill's sponsor. That's because they are part of the success of the NPR-A grant program.

One of the most dramatic images of an NPR-A impact that you'll ever see is in one of the packets you have on your desk. It's the booklet of photos called "North Slope Borough Impacts from Oil and Gas Development." There should be a flagged page, and if you look at that page and the one after it, you'll see a photo taken in NPR-A last fall. It shows a massive amount of equipment and moveable facilities in a staging area at Cape Simpson. Next to that city of equipment is what looks like a tiny shack. And that's what it is - it's a subsistence cabin that marks a hunting area used by a Barrow family for generations. Hundreds of cabins like this dot the tundra in NPR-A. Many are on Native allotments that belong to families from every NPR-A community. So the next time somebody tries to tell you how far away some of these communities are from Alpine, remember this picture. It's quite a way from Alpine too, but it's very close to where lots of our families go every summer to spend time on the tundra and hunt and fish and camp.

From the sponsor's presentation on SB 171, you aren't getting a true picture of what's happening in NPR-A. You're not hearing what the real impacts are, and you're not learning about the vast majority of successful grants that have made this program a success. You're being led to believe that hundreds of thousands of dollars have been sent to communities, where they are pocketed without living up to the grant conditions. I didn't hear the sponsor mention one very important thing about all NPR-A grants. And that is that these grants are not funded up front. They are reimbursable, so it's not State dollars at risk if there is poor performance. It's local dollars. If the communities can't show the Department legitimate expenses, they don't get the grant money. That sounds like pretty good accountability to me.

So what is this bill really about? It's about fixing the program...fixing the program so that very little aid ends up going to the communities. The real intent of this bill is to make a political football out of the impact aid program. It's a two-step process. First, you take decision-making away from the administrative branch - where decision-making for every other state grant program exists. You move the grant reviewing, scoring and awarding process away from the professionals who do this work every day and into the political realm of the Legislature.

Second, you ratchet down hard on this slippery concept of impacts. What you end up with is a really tough task for a revolving group of people who are appropriately focused on politics and finances, and have plenty of ideas for other ways to use that money. It's a setup for decisions based on politics, not on the subtleties of impacts or federal intent.

The bill creates a timetable for dealing with these grant applications that adds to the problem. This timetable forces you to review and score and award a bunch of grants in the midst of the legislative session. Does the Legislature really want to be dealing with village grant applications during the session when you've got things like PPT on your plate? And do you really think this will yield better, more thoughtful decisions? I think

your best bet is to work with the department and with us to make the program stronger, not to gut it.

I'm sure there are ways to improve the program. Some of them are already being put in place. But the approach outlined in Senate Bill 171 is overkill. All we're asking of the Legislature is to preserve a fair, non-political process, and you don't get that by taking the grant professionals out of the picture, the same kind of professionals that you trust with every other state grant program. It just doesn't make sense.

It is important to note that SB 171 does not provide any new definitions or guidelines for judging impacts. It only changes who is reviewing the grant applications. I think you can see how this would add to our concerns that this bill doesn't make anything more fair or more open. If the Legislature wants to set up a special subcommittee to review these impact aid grants, it doesn't take a legislative change. A subcommittee was formed in Senate Finance last year.

If legislators are just worried that these communities might be getting too much money, the situation may resolve itself without any legislative action. The federal energy bill passed last year gives the Secretary of the Interior the authority to reduce or eliminate any and all bonus or lease payments on development in NPR-A. That would deprive the State as well as the local communities, so maybe what we should be doing here is working together to protect revenues.

We have plenty of reasons to work together on all kinds of resource development issues. The North Slope Borough has been a major supporter of onshore oil and gas for years. We have sent some of the most effective foot soldiers to work the halls of Congress on opening ANWR. At times, we have cooperated with industry wishes on the North Slope, even when our heart told us not to. If you look at the record, you'll see that we have tried to be strong partners for responsible development.

What do we get in return? In recent years, it seems like we've been faced with a flurry of bills like this - bills that are nothing more than a thinly-veiled attempt to punish us for living on the North Slope, and for receiving benefits at the same time as we absorb all the impacts from oil and gas activity... activity that sends billions of dollars of wealth to the rest of the state.

We believe in the partnership, but sometimes it feels less like a partnership and more like a target range, and we're the target. I have met some of you on this committee, and I don't think that is your attitude. But it is the attitude behind this legislation, and I hope you won't buy into the attitude of the bill. It would be a loss for all of us as we try to create a better future for Alaska.

A number of people from the NPR-A communities are here today, and they have a lot of experience with some of the things I've mentioned. I want you to know that they are not here on our dime. They paid their own way so they could tell you how important the program is to their communities. The mayor of Atkasuk was on the way down here when

she had a death in the family and had to turn around. But her written testimony should be in your file.

I want to thank you again, Mister Chairman, for allowing us to have this time with the committee today. It means a lot to us, and we really appreciate your interest in getting some local input on the bill.

Quyanaqpak.

If you intend to pass this out the motion should be

**I move to adopt CS for SB 171, version V, as the working document.**

**I move to pass House CS for SB 171, version V (as amended?) with accompanying fiscal notes and individual recommendations.**

# North Slope Borough

(Population - 6,894 residents)

## Local Property and Oil & Gas Property Tax Revenue

(As Reported in the *Alaska Taxable* Annual Report)

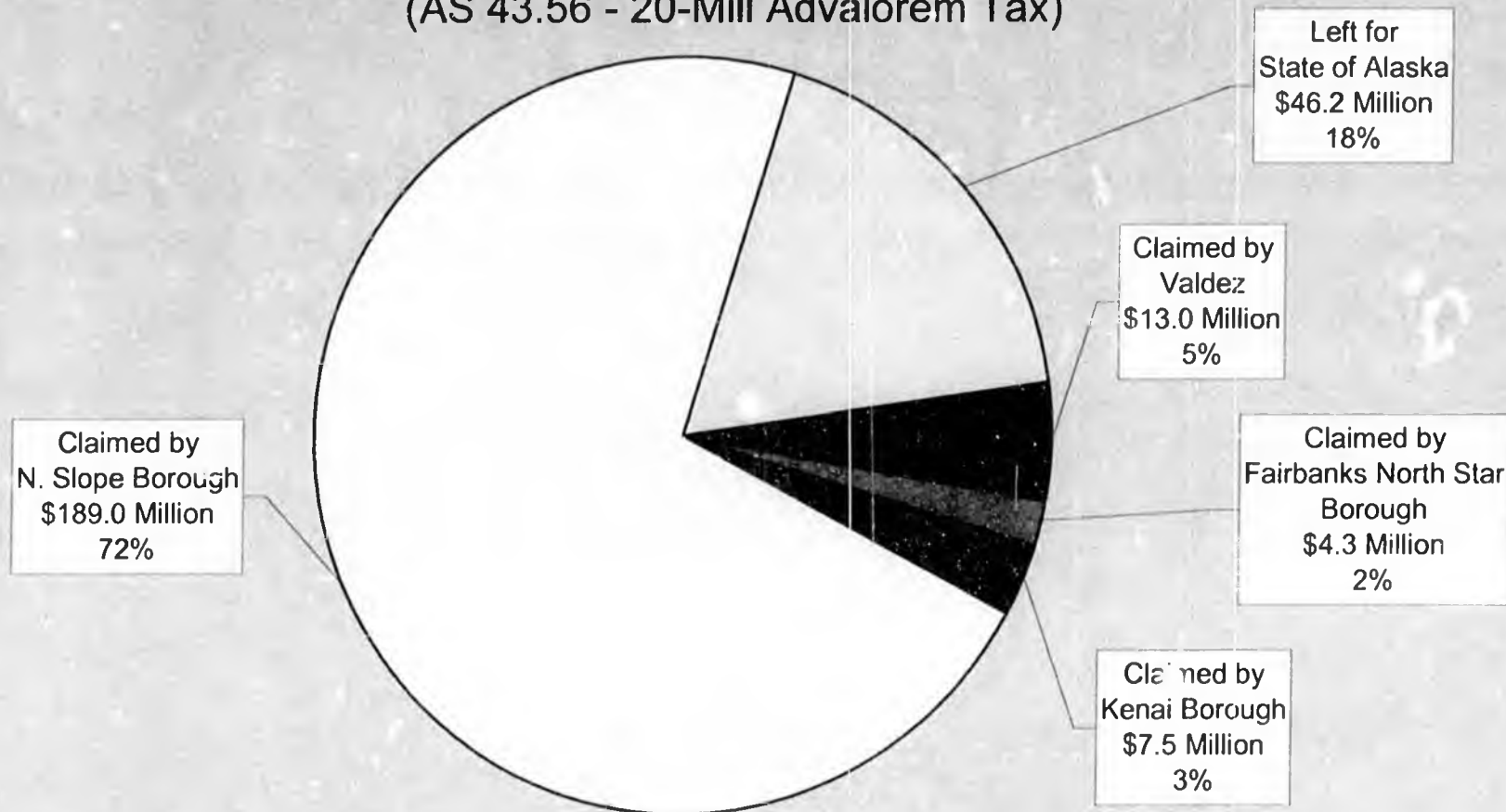
Alaska Taxable	Property Tax Revenues	O&G Property Tax Revenues	Total Property Tax Revenues
2000	\$16,416,808	\$195,095,348	\$211,512,156
2001	12,008,846	189,954,310	201,963,156
2002	6,239,417	193,019,738	199,259,155
2003	4,961,057	194,692,108	199,653,165
2004	5,595,083	194,209,446	199,804,529
2005	2,317,232	188,969,166	191,286,398
<b>TOTAL</b>	<b>\$47,538,443</b>	<b>\$1,155,940,116</b>	<b>\$1,203,478,559</b>

## Projected Budget for Operating and Debt Service

(As Reported in the *Alaska Taxable* Annual Report)

Alaska Taxable	Operating Budget	Debt Service
2000	\$59,197,210	\$141,928,000
2001	62,778,127	134,122,000
2002	69,960,600	129,951,000
2003	78,360,331	120,347,000
2004	79,505,000	116,410,000
2005	82,807,927	111,974,000
<b>TOTAL</b>	<b>\$432,609,195</b>	<b>\$754,732,000</b>

# 2005 State 20-Mill Levy Oil & Gas Property Tax GF Revenue (AS 43.56 - 20-Mill Advalorem Tax)

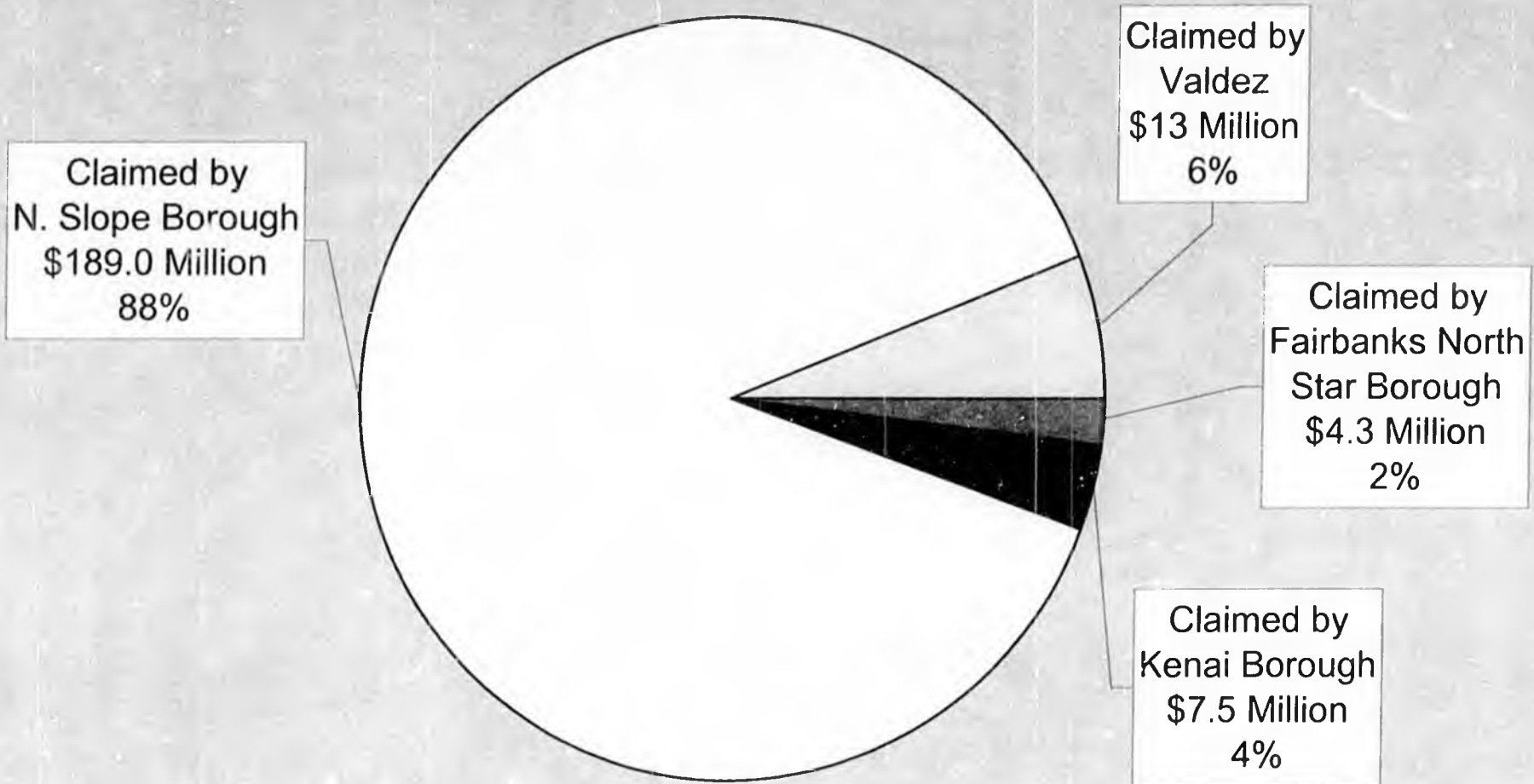


Five municipalities  
claimed less than 1%

**Total - \$260.9 Million**

The state levies a 20-mill tax against oil and gas property. A municipality that has O and G property located within its borders may also levy a tax on those properties. This local tax amount is subtracted from the total of the state's 20-mill tax.

**2005 Municipality Take**  
**Oil & Gas Property Tax GF Revenue**  
(AS 43.56 - 20-Mill Advalorem Tax)



Five municipalities  
claimed less than 1%

**Total - \$214.7 Million**



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Community Advocacy

*Frank H. Murkowski, Governor*  
*William C. Noll, Commissioner*  
*Michael Black, Director*

January 16, 2006

The Honorable Ben Stevens  
Senate President  
Twenty-Fourth Alaska State Legislature  
Second Session  
State Capitol, Room 111  
Juneau, Alaska 99801-1182

The Honorable John Harris  
Speaker of the House  
Twenty-Fourth Alaska State Legislature  
Second Session  
State Capitol, Room 208  
Juneau, Alaska 99801-1182

Dear President Stevens and Speaker Harris:

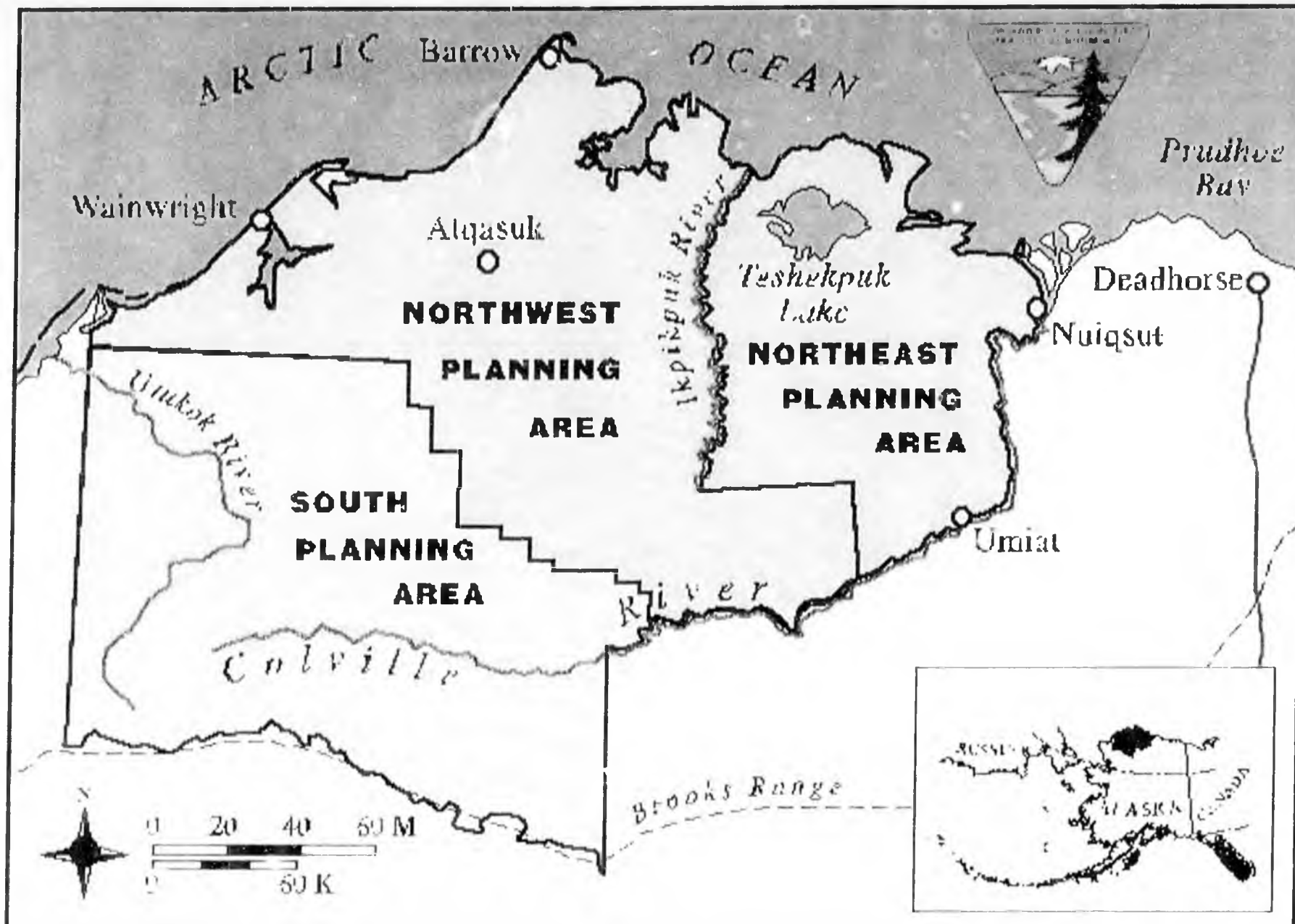
This document is the Division of Community Advocacy's report on the status of the National Petroleum Reserve-Alaska (NPR-A) Impact Mitigation Grant Program.

The State of Alaska receives 50% of the federal revenues from oil and gas lease sales located in the NPR-A. Those revenues are deposited into the NPR-A Special Revenue Fund to provide grants to communities impacted by oil and gas development. This report provides information on the program and the status of the grants previously approved.

Please contact me if you have any questions about the NPR-A Program or this report.

Cordially,

Michael Black, Director  
Division of Community Advocacy



## **NPR-A Impact Mitigation Program History and Overview**

As authorized December 12, 1980 by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the Department of Interior, Bureau of Land Management, allows for the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPR-A).

Although the federal government manages the NPR-A, Section 6508 of the federal statute requires that fifty-percent of the money received by the federal government from the "sales, rentals, bonuses, and royalties on leases issued..." be paid to the State of Alaska. Leases awarded by the federal government are usually for ten years and require that each company holding a lease pay a decreasing annual amount.

In accordance with Section 6508, the monies are to be used by "the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section."

The State of Alaska began receiving payments in State fiscal year (FY) 1983. To segregate these monies, in SLA 1984, Chapter 94 the Alaska Legislature enacted AS 37.05.530 (a) and (b). This statute established the National Petroleum Reserve Alaska Special Revenue Fund. Henceforth, NPR-A payments were to be deposited within the NPR-A Fund and used to support:

1. NPR-A Impact Mitigation grants to communities in accordance with AS 37.05.530 (c) through (e) which established the NPR-A Impact Mitigation Program. Under this program, communities may apply for assistance, i.e. grants, to fund projects that fall within federal and state guidelines. As required, priority is given to those communities most directly or severely impacted by oil and gas development.
2. Of the remaining lease payments, not needed to fund NPR-A Impact Mitigation grants, twenty-five percent is transferred to the Alaska Permanent Fund per AS 37.05.530(g).
3. Of the remaining payments, not needed to fund NPR-A Impact Mitigation grants, one-half percent is transferred to the Public School Trust Fund per AS 37.05.530(g).
4. Up to the entire amount of the remaining payments may be appropriated by the Legislature to the Power Cost Equalization and Rural Electric Capitalization Fund per AS 37.05.530(g).
5. Any remaining payments are then transferred to the State's General Fund per AS 37.05.530(g).

Prior to 1984, half of the total NPR-A funds received by the State were deposited in the Alaska Permanent Fund, one-half percent in the Public School Trust Fund and the remainder was deposited in the General Fund and used to fund various Legislative appropriations. In 1985 the North Slope Borough, Wainwright and Barrow filed suit alleging that the State's method of allocating the NPR-A payments was in conflict with federal law. The decision in *Barrow v. State*, No. 1JU-85-2634, established that: (1) the State's distribution of NPR-A revenue had been incorrect and it did conflict with federal requirements; (2) the State needed to "reconstitute" the NPR-A Fund in part; and (3) henceforth, the State would allow first priority to the municipalities and/or communities most directly impacted by the NPR-A development.

As a result of the litigation, the NPR-A Fund was reconciled and reconstituted as of October 1987. It was also reconciled and reconstituted again as of September 1990 and again as of June 1992. Multiple reconciliations between actual NPR-A payments received and cash available in the NPR-A Fund were necessary because:

- (1) The NPR-A payments (deposited in the NPR-A Fund) were being used to fund *two* programs. In addition to funding the NPR-A Impact Mitigation Program the payments were also funding grants awarded by the Department of Administration under the Municipal Grants Program; and
- (2) In FY 92 AS 37.05.530 was amended and required a recalculation of available cash in the NPR-A Fund annually back to FY 87.

SLA 1985, Chapter 96; SLA 1986, Chapter 128; SLA 1988, Chapter 173; and SLA 1990, Chapter 208 appropriated, repealed, and reappropriated the grants funded from NPR-A payments but administered under the Municipal Grants Program by the Department of Administration. These projects and their grants are not reflected in this report. This report addresses only the grants that were/are funded from NPR-A payments *and* awarded under the NPR-A Impact Mitigation Program.

FY 87 was the first year of the actual NPR-A Impact Mitigation Program. The general procedure remains the same today as in 1987. Periodically, the Department is notified by the U.S. Department of Interior, Bureau of Land Management (BLM) that the federal government will be offering tracts of land for lease in the National Petroleum Reserve-Alaska. The Department then provides public notice that funding may become available for NPR-A Impact Mitigation grants and requests that communities submit project proposals (grant applications). The Department establishes a review committee, makes award recommendations, and if both NPR-A lease revenue and a Legislative appropriation is received, the Department awards NPR-A Impact Mitigation grants to specific communities for specific projects.

The Bureau of Land Management (BLM) receives payments from the NPR-A leases in two installments each year. The first installment includes payments received between April 1 and September 30; the second installment includes payments received between October 1 and March 31. BLM forwards fifty-percent of the amount received to the State of Alaska in two installments, usually received by December 31<sup>st</sup> and May 31<sup>st</sup>.

Each year, the Department requests a Legislative capital appropriation for that year's anticipated fifty-percent. The appropriation and subsequent revenue are then used to fund NPR-A grants according to AS 37.05.530.

Aggregate information for the initial years of the NPR-A Impact Mitigation Program is reflected below. Project specific information is provided beginning on page 7 of this report.

<u>State Fiscal Year</u>	<u># of Projects and Communities</u>	<u>\$ Awarded</u>
FY 87	12 Projects 5 Communities	7,240,237
FY 88	0	0
FY 89	1 Project 1 Community	937,000
FY 90	8 Projects 4 Communities	836,745
FY 91	7 Projects 5 Communities	590,000
FY 92	7 Projects 4 Communities	367,378
FY 93	4 Projects 4 Communities	447,126
FY 94	4 Projects 4 Communities	18,941
FY 95	4 Projects 4 Communities	25,538
FY 96 through FY 99	0	0
<b>Total</b>		<b>\$10,462,965</b>

By FY 96 all existing NPR-A leases had been terminated, relinquished, or had expired. The Bureau of Land Management (BLM) notified the Department that additional NPR-A payments would not be forthcoming. Therefore, the NPR-A Impact Mitigation Program was inactive from FY 96 through FY 99.

The NPR-A Impact Mitigation Program remained inactive until the early part of calendar year 1999. At that time the Department was notified that BLM would be entering into new ten-year (approximate) leases in May 1999 on tracts of land in the NE planning area of the National Petroleum Reserve-Alaska.

BLM estimated that upon issuance of the leases, the federal government would receive approximately \$80,000,000 in fees. Alaska would receive fifty-percent, approximately \$40,000,000, about six months after the leases were awarded.

In anticipation of the forthcoming \$40,000,000 in payments, the Alaska State Legislature appropriated funding for NPR-A Impact Mitigation grants in FSSLA93 Chapter 2, Section 63. Additionally, the Department provided public notice and requested impacted communities to submit grant applications for potential projects. The Department established a review committee, evaluated the grant applications and in April 2000 recommended award of 24 grants totaling \$28,000,000 to four communities.

In January 2000 the State received \$40,298,622 in payments. The State retained \$28,000,000 of the cash within the NPR-A Fund for the NPR-A Impact Mitigation grants. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

In the two years following the May 1999 leases, BLM received slightly over \$3.3 Million annually. Alaska continued to receive fifty-percent, or approximately \$1,683,850 in FY 02 and \$1,686,105 in FY 03. Companies will continue to pay a declining annual lease amount to the federal government through 2009 or 2010. The State will continue to receive fifty-percent of the fees (approximately \$1,700,000).

In May 2002 the State was notified by BLM that new ten-year leases would be awarded June 3, 2002. BLM awarded leases on 60 tracts in the NPR-A NE planning area, totaling approximately 579,269 acres. BLM estimated the initial lease fees at \$63,811,496. The State's fifty-percent was estimated at approximately \$31,905,748. The total received in April 2003 was actually \$34,556,469.

In anticipation of the continuing payments from the May 1999 leases and the initial payments from the June 2002 leases, the Department requested a \$35,300,000 capital appropriation for FY 04, to be funded with the NPR-A payments. The Department requested and received grant applications from impacted communities and awarded 30 projects totaling \$25,011,457 to three communities in March 2003. The actual amount received in April 2003 was \$34,556,469. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

The State will continue to receive fifty-percent of the fees (approximately \$830,000) on the 2002 leases through 2012 or 2013.

Effective October 16, 2003 the NPR-A program regulations were amended to change the date by which grant applications must be postmarked (for receipt by the Department) from September 15<sup>th</sup> annually to November 15<sup>th</sup> annually. This was the only change made to the regulations.

For FY 05, the State originally anticipated receiving approximately \$3,190,170 for the NPR-A Impact Mitigation Grants. Applications were received in November 2003. The Department established a review committee, evaluated the grant applications and in December 2003 recommended award of 10 grants totaling \$3,030,000 to three communities. However, in May 2004 when it became apparent that the funds available had been reduced from initial estimates, the tentative awards were reduced to the actual amount received (\$2,530,586). Nine grants were awarded to three communities.

In June 2004, BLM awarded new leases on approximately 165 tracts of land in the NPR-A NW planning area. BLM estimated the initial lease fees at \$53,904,491. On 11/15/04 the State received \$1,738,829.50 as the first installment from BLM for rent and bonuses received between 4/1/04 and 9/30/04 on the leases awarded in May 1999 and June 2002. The second installment received by the State in May 2005 was \$29,855,765 for bonus bids received between 10/1/04 and 3/31/05, bringing the total receipts to \$31,594,594.50.

The Department provided public notice and requested impacted communities to submit FY06 grant applications for potential projects in September 2004. Department staff also traveled to Barrow in September 2004 to provide NPR-A assistance and grant training to eligible communities. A total of 53 applications requesting approximately \$52,000,000 in grant funding were received by the deadline. In January 2005, 30 grants totaling \$24,706,539 were recommended for award leaving \$6,888,055.50 for distribution according to AS 37.05.530 (g).

The Department provided public notice and requested impacted communities to submit FY07 grant applications for potential projects in September 2005. Department staff also traveled to Barrow in September 2005 to provide NPR-A assistance and grant training to eligible communities. A total of 18 applications requesting approximately \$5,281,209 in grant funding were received by the deadline. As of January 2006, no awards have been made. Attached is a list of the 18 applications received by the November 15, 2005 deadline.

Aggregate information is reflected beginning on page 6 of this report. Project specific information is provided immediately thereafter.

**SLA and  
State Fiscal Year (FY)**

**# of Projects  
and Communities**

**\$ Awarded**

FSSLA 1999 Chapter 2 Section 63 - FY 00	24 Projects 4 Communities	28,000,000
SLA 2000 - FY 01	0	0
SLA 2001 Chapter 61 Section 85 - FY 02	10 Projects 3 Communities	1,683,849.50
SSSLA 2002 Chapter 1 Section 29 - FY 03	8 Projects 3 Communities	1,686,104.50
SLA 2003, Chapter 82 Section 11 - FY 04	30 Projects 3 Communities	25,011,457
SLA 2004, Chapter 159 Section 6 - FY 05	9 Projects 3 Communities	2,530,586
FSSLA 2005, Chapter 3 Section 10 - FY 06	30 Projects 4 Communities	24,706,539
TOTAL		\$83,618,536

**FY 87 NPR-A Impact Mitigation Grants Awarded**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Community Center Operations & Maintenance	99,000	Fund 50% of operating costs; only partly related to NPR-A development.	Closed 3/90
Atkasuk	Community Center Expansion	500,000	Project provides space for additional cultural programs; related to mitigation of cultural impacts.	Closed 1/88
Atkasuk	Basic Local Government Operations	90,000	Fund administrator position and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for dealing with future NPR-A impacts and other grants.	Closed 9/90
Barrow	Boat Ramps	825,000	Related to subsistence impacts.	Closed 9/92
North Slope Borough	Barrow - Residential Care	539,637	Partly related to NPR-A impacts; fund a portion of operating costs. Serves regional needs.	Closed 9/90
North Slope Borough	Barrow - Juvenile Detention	3,000,000	Related to incremental impacts of NPR-A development. Serves regional needs.	Closed 6/93
North Slope Borough	Comprehensive Subsistence Management Plan	232,500	Related to overall subsistence impacts of NPR-A development.	Closed 9/91
Nuiqsut	Dry Boat Storage	551,395	Related to subsistence impacts. Fund construction of storage facility but not entrepreneurial activity unrelated to NPR-A impacts. Maintenance and operation costs partly related; funded at 50%.	Closed 9/90
Nuiqsut	Basic Local Government Operations	109,250	Large expansion of municipal government. Fund full-time administrator 1-1/2 years and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for future impacts and administer other grants. Fund 50% (\$19,250) of request for computer/recreation equipment, only partly related to impacts.	Closed 10/89
Nuiqsut	Expansion of Community Center	682,075	Related to cultural impacts; fund construction (\$625,000). Maintenance and operation costs partly related; fund at 50%.	Closed 10/89
Wainwright	Boat Ramp Construction	550,000	Related to mitigation of subsistence impacts. One boat ramp on sea and one on river.	Closed 11/88
Wainwright	Boat Ramp Planning	61,380	Planning Boat Ramp project (see above).	Closed 5/88
<b>Total</b>		<b>\$7,240,237</b>		

**FY 89 NPR-A Impact Mitigation Grants Awarded**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough	Alcohol and Drug Abuse Facility	937,000	Residential and emergency respite care, alcohol and drug abuse treatment center located in Barrow. Serves regional needs.	Closed 10/91
<b>Total</b>		<b>\$937,000</b>		

**FY 90 NPR-A Impact Mitigation Grants Awarded**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Basic Local Government Operations	79,130	Continuation funding of FY 87 award. Related to mitigation of NPR-A impacts.	Closed 7/91
Atkasuk	Community Center Planning and Operations	96,982	Maintenance of facility related to expected long-term impacts of NPR-A exploration and development.	
Barrow	Cultural Center Planning	48,250	Related to mitigation of cultural impacts of NPR-A exploration and development. Fund planning/design of facility.	Closed 8/91
Barrow	Basic Local Government Assistance	74,788	Fund each position by half; City to make up difference.	Closed 10/90
Barrow	City's Public Facilities Operations & Maintenance	238,843	Maintenance of public facilities related to expected long-term impacts of NPR-A exploration and development.	Closed 11/90
Nuiqsut	Community Center/City Hall Operations & Maintenance	57,900	Previous NPR-A grant funded expansion of center. Operations & Maintenance of facilities related to counteracting long-term cultural impacts from NPR-A exploration and development.	Closed 1/91
Wainwright	Basic Local Government Operations	82,961	Goal: properly process and disseminate information and have adequate management in order for City to properly function. Related to mitigation of NPR-A impacts.	Closed 5/91
Wainwright	Community Center Operations & Maintenance	157,891	Maintenance and operation of center related to expected long-term impacts of NPR-A activities.	Closed 7/91
<b>Total</b>		<b>\$836,745</b>		

**FY 91 NPR-A Impact Mitigation Grants Awarded**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Community Center Operations & Maintenance	21,181	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 7/91
Barrow	Volunteer Fire Department Operations	133,980	Project pertains to life/health/safety.	Closed 11/91
Barrow	Search and Rescue Operations	104,000	Project pertains to life/health/safety.	Closed 11/91
Barrow	City Facilities Operations & Maintenance	49,319	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 4/91
North Slope Borough	Arctic Women in Crisis	200,000	Facility and program serves regional needs; pertains to life/health/safety.	Closed 9/91
Nuiqsut	Boat Storage Operations & Maintenance	30,500	On-going maintenance related to NPR-A impacts.	Closed 8/91
Wainwright	Community Center Operations & Maintenance	51,020	On-going maintenance and operation of facility related to impacts of NPR-A activities.	Closed 7/91
<b>Total</b>		<b>\$590,000</b>		

**FY 92 NPR-A Impact Mitigation Grants Awarded**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Basic Local Government Assistance	69,802	Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone; Office Utilities.	Closed 8/92
Atkasuk	Community Center Operations & Maintenance	14,328	Maintenance and operation of center related to expected long term impacts of NPR-A activities.	Closed 1/92
Barrow	Public Facilities Operations & Maintenance	146,951	Operation of public facilities related to long-term impacts of NPR-A activities.	Closed 10/92
Nuiqsut	Basic Local Government Assistance	49,963	Salary/Benefits; Equipment/Office Supplies.	Closed 4/92
Nuiqsut	Utilities Operations & Maintenance	5,878	City facility utility costs.	Closed 4/92
Wainwright	Basic Local Government Assistance	66,128	Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.	Closed 9/92
Wainwright	Community Center Operations & Maintenance	14,328	On-going maintenance and operation of facility related to long-term impacts of NPR-A activities.	Closed 9/92
<b>Total</b>		<b>\$367,378</b>		

FY 93 NPR-A Impact Mitigation Grants Awarded

<u>Grantee</u>	<u>Project</u>	<u>Initial</u>	<u>Increase</u>	<u>Total</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk	Basic Local Government Assistance	21,280	28,720	50,000	Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone; Office Utilities.	Closed 4/93
Barrow	Public Facilities Maintenance and Operations	61,286	138,714	200,000	Operation of public facilities related to long-term impacts of NPR-A activity.	Closed 6/93
Nuiqsut	Basic Local Government Assistance	21,280	68,720	90,000	Office Benefits; Equipment/ Office Supplies.	Closed 6/93
Wainwright	Basic Local Government Assistance	21,280	85,846	107,126	Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.	Closed 6/93
<b>Total</b>		<b>\$125,126</b>	<b>\$322,000</b>	<b>\$447,126</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations**  
**FY 00 Appropriation (page 1 of 2)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 00- NPR-A-4-16	Community Center Maintenance & Operations	90,000	Maintenance and operation of center related to expected long-term impacts of NPR-A.	Closed 10/01
Atkasuk 00- NPR-A-4-15	Basic Local Government Operations	109,000	Fund salaries for new positions and increase of hours on current positions from part-time to full-time.	Closed 4/02
Barrow 00- NPR-A-4-11	Public Facilities - Maintenance & Operations	650,000	Fund staff and other expenses to operate city recreation facilities.	Closed 8/02
Barrow 00- NPR-A-4-12	Renovation/Upgrade of Barrow Teen Center and Community Center	1,000,000	The facilities are needed due to increase in NPR-A activities. The City's ability to absorb this impact through existing facilities and services is limited.	Active
Barrow 00- NPR-A-4-13	Design, Construct & Purchase Retractable Boat Ramp	1,000,000	NPR-A uplands development will displace subsistence users from some areas. A boat ramp will provide subsistence hunters better access to the ocean.	Active
Barrow 00- NPR-A-4-14	Maintenance Building Construction	630,000	Need for warm storage can be linked to mitigation of foreseeable NPR-A impacts.	Active
North Slope Borough 00- NPR-A-4-01	Village Power Plant/ Electrical Distribution & Waste Heat Conversion	10,069,367	NPR-A development will impact power generation & distribution. Upgraded power production and distribution mitigates population growth impacts and increasing 'westernization' of local lifestyles.	Active
North Slope Borough 00- NPR-A-4-02	All Infrastructures Services Study	1,500,000	Studies will identify additional and continuing effects of NPR-A development on public facilities and the provision of public services. Impacts known or anticipated can be supplemented with new data and forecasts.	Active
North Slope Borough 00- NPR-A-4-03	Nuiqsut Above Ground Service Connections	2,100,000	A total of 124 residential, commercial, and public facilities were connected to water and sewer service.	Closed 3/03
North Slope Borough 00- NPR-A-4-04	Nuiqsut Police Officer for 3 years	100,000	The community is presently impacted by NPR-A development. An additional officer will help the city address NPR-A related impacts.	Closed 9/01
North Slope Borough 00- NPR-A-4-05	Wainwright Community Center Renovations	191,283	Provides improved facilities for locals who have family members working away from home in NPR-A related employment. Improved opportunity for social and community support.	Closed 6/03
North Slope Borough 00- NPR-A-4-06	Fire Department Equipment & Training	1,114,150	Provides an essential public service. Current firefighting equipment is old and outdated; existing fire trucks are not equipped to handle the new city water system. Need is linked to anticipated growth in service demand caused by NPR-A development.	Closed 6/03
North Slope Borough 00- NPR-A-4-07	Harvest Monitoring: Subsistence Documentation	100,000	Subsistence hunting is a culturally important activity. The need for harvest monitoring is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife.	Closed 4/02
North Slope Borough 00- NPR-A-4-08	Survey & Inventory Fish Resources in Lakes & Streams of Eastern NPR-A	150,000	The need for the inventory is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife.	Closed 1/04
<b>Sub-Total (page 1)</b>		<b>\$18,803,800</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations**  
**FY 00 Appropriation (page 2 of 2)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 00-NPRA-4-09	Tracking & Analysis of Teshekpuk Lake Caribou Herd Movement and Distribution	150,000	The need for the analysis is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife.	Closed 12/02
North Slope Borough 00-NPRA-4-10	Waterfowl Surveys	150,000	The need for the survey is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.	Closed 11/01
North Slope Borough 00-NPRA-4-25	Nuiqsut Natural Gas Piping Distribution	3,800,000	This grant and 00-NPRA-4-26 were originally awarded to Nuiqsut who chose in 10/01 to have the NSB administer both projects on their behalf. NPRA development will create a higher demand for fuel use. Impacts include larger volumes and more frequent shipping, handling, air pollution, fuel spills and leaks, and expanded fuel storage needs.	Active
North Slope Borough 00-NPRA-4-26	Nuiqsut Natural Gas Home/Building Conversion	2,200,000	Same as above.	Active
North Slope Borough 00-NPRA-27	Nuiqsut Natural Gas Pipeline	1,580,000	Provides funds for the final installation and start up of the natural gas system from the processing module at the Alpine oil facility pad to the in-village gas distribution system in Nuiqsut.	Active
North Slope Borough 00-NPRA-28	Nuiqsut City Hall/Kisik Center Renovation	1,280,548	Project originally awarded to City of Nuiqsut but was re-negotiated with the NSB. Renovations include mechanical and electrical upgrades to correct code deficiencies and construction of an addition. The addition is planned to include a multi-purpose room of approximately 1,500 SF, restrooms, mechanical room and a combined custodial closet and storage area. In 12/05 grant increased by \$336,795 with funds from two pending grants appropriated in FY 02. \$288,000 from 01-NPRA-07 (Nuiqsut Cultural Center O & M); and \$48,795 from 01-NPRA-10 (Nuiqsut Emergency Hunting Shelters). These two grants, previously identified in the FY 02 list as pending, are now closed with no expenditures and the funds added to the FY 00 grant.	Active
Nuiqsut 00-NPRA-4-17	Basic Government Operation/Maintenance	200,000	Funds used to supplement staff salaries for a full-time mayor/administrator, grants administrator, clerk & bookkeeper.	Closed 8/01
Nuiqsut 00-NPRA-4-18, 19, 20, 23*	See * Below	61,078	In 10/03, the City passed a resolution to transfer the unexpended funds from four grants (\$2,479,121.42) to the NSB to administer two priority projects on their behalf (see * below). Project expenditures on the four grants prior to closure totaled \$61,078.	Closed *
Nuiqsut 00-NPRA-4-24	Install Graveyard Fencing	111,369	Provides mitigation for foreseeable NPR-A impacts through the protection of cultural resources.	Closed 3/04
<b>Sub-Total (page 1)</b>		<b>\$ 18,803,800</b>		
<b>Sub-Total (page 2)</b>		<b>\$ 9,196,200</b>	This subtotal does not include the \$336,795 moved from FY 02.	
<b>Total</b>		<b>\$ 28,000,000</b>	This total does not include the \$336,795 moved from FY 02.	

\*Grants previously awarded to the City of Nuiqsut for City Hall/Kisik Center Renovation (00-NPRA-4-18 @ \$340,000); Construct Cultural Center (00-NPRA-4-19 @ \$939,800); Day Care Construct/O&M (00-NPRA-4-20 @ \$495,400); and Design/Construct Retractable Boat Ramp (00-NPRA-4-23 @ \$765,000) were closed effective Oct/Nov 2001. Unexpended funds from these grants were transferred to the NSB to administer two priority projects in Nuiqsut: 00-NPRA-27 and 00-NPRA-28. The total FY00 funding for these two grants (\$2,523,752.62) also includes the unexpended balance (\$44,631.20) remaining on 00-NPRA-4-24 (original award \$156,000).

**NPR-A Impact Mitigation Grants Awarded - Based on January 2001 Recommendations**

**FY 02 Appropriation**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Barrow 01- NPR-A-05	Public Facilities - Maintenance and Operation	334,540	Project will maintain safe and improved recreational facilities. This alleviates adverse social and cultural impacts from oil and gas development.	Closed 2/04
North Slope Borough 01- NPR-A 01	Harvest Monitoring, Subsistence Documentation	100,000	This is Phase II of the FY00 study	Closed 3/04
North Slope Borough 01- NPR-A-02	Waterfowl Surveys	150,000	This is Phase II of the FY00 surveys.	Closed 3/04
North Slope Borough 01- NPR-A-03	Tracking & Analysis of the Teshekpuk Lake Caribou Herd	150,000	This is Phase II of the FY00 study.	Closed 6/04
North Slope Borough 01- NPR-A-04	Wainwright Basic Operations	250,000	Project provides operations assistance including partial salary costs, expenses and staff training necessary to successfully operate the local government.	Closed 5/03
North Slope Borough 01- NPR-A-07	Nuiqsut Cultural Center Operations	-288,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and the NSB agreed to move the funding to 00-NPR-A-28 (Kisik Center Renovation) in part due to need for additional funds to complete that project. Cultural Center is within Kisik Center facility.	Closed 12/05; \$288,000 in funds moved to 00- NPR-A-28 in the FY 00 list
North Slope Borough 01- NPR-A-08	Nuiqsut Teen Center Operation & Maintenance	121,310	Project originally awarded to City of Nuiqsut but was re-negotiated with the Borough. Funds staff salaries including adult supervisors and recreation aides, training, travel, utilities and supplies.	Active
North Slope Borough 01- NPR-A-09	Nuiqsut Wooden Deck Ball Court Construction	-30,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and NSB agreed to put funds into 06-NPR-A-13 (Nuiqsut Teen Center Operations and Maintenance in part due to not having enough money to properly construct the ball courts and need for funds to maintain and operate teen	Closed 12/05; \$30,000 in funds moved to 06- NPR-A-13 in the FY 06 list
North Slope Borough 01- NPR-A-10	Nuiqsut Emergency Hunting Shelters Construction	-60,000	Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 City of Nuiqsut and NSB agreed to put funds into 00-NPR-A-28 (Kisik Center Renovations) and 06-NPR-A-13 (Nuiqsut Teen Center Operations and Maintenance) and abandon Emergency Hunting Shelter project due in part to issues obtaining site control.	Closed 12/05; \$48,795 moved to 00-NPR-A-28 and \$11,205 moved to 06-NPR-A-13 in the FY 00 and FY 06 lists
Nuiqsut 01- NPR-A-06	Basic Government Operations and Maintenance	200,000	Grant funds used for staff salaries and expenses.	Closed 8/04
<b>Total</b>		<b>\$1,683,850</b>	<b>Note: This total does include the \$336,795 moved to the FY 00 grants and \$41,205 moved to FY 06 grants.</b>	

**NPR-A Impact Mitigation Grants Awarded - Based on December 2001 Recommendations  
FY 03 Appropriation**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 02- NPRA-01	City Operations	249,057	Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk.	Closed 6/04
Atkasuk 02- NPRA-02	Renovate Recreation Center	49,000	This phase includes installation of an efficient waste heating system.	Closed 9/04
Barrow 02- NPRA-03	Public Facilities Operations	350,000	Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.	Closed 11/04
Barrow 02- NPRA-04	Summer Youth Program	50,000	Project includes the annual Summer Clean-up Program which employs up to 60 youth as a service to the community.	Closed 6/04
North Slope Borough 02- NPRA-05	Capacity Building	100,000	This involves each community within the Borough, encouraging consolidation of resources between city & tribal governments to result in the formation of partnerships to generate revenue necessary for a common goal: economic viability of the NPR-A communities. As of 9/30/05 less than \$25,000 remains in grant. Expect it to be closed by 6/30/06.	Active
North Slope Borough 02- NPRA-06	Mayor's Workforce Job Training Program	188,048	Project mitigates impacts by supplying entry-level employment in village positions that have been vacated due to oil and gas development	Closed 11/03
North Slope Borough 02- NPRA-07	Nuiqsut Natural Gas Project	450,000	Project provides an alternative to high energy costs and increased demand created by the oil and gas activity. As of 9/30/05 approximately \$53,000 remains in grant. Expect it to be closed by 6/30/06.	Active
North Slope Borough 02- NPRA-08	Wainwright Basic Operations	250,000	Project provides operational assistance such as salaries, equipment and training to city staff with the goal of increased efficiency and an improved level of service to residents. As of 11/05 \$119 remains in grant. Will be closed by 6/30/06.	Active
<b>Total</b>		<b>\$1,686,105</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 1 of 3)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Atkasuk 04- NPR-A-21	Local Government & Community Center Operations & Maintenance	368,621	Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk as well as costs to operate and maintain community center.	Closed 10/05
Barrow 04- NPR-A-01	Recreation Building Addition Feasibility	40,000	Project will complete a feasibility study for the renovation and construction of the recreation building.	Active
Barrow 04- NPR-A-02	Renovate Multi-Purpose Facility	53,719	Project will upgrade and expand existing public services currently provided at the Roller Rink and purchase necessary equipment and supplies.	Active
Barrow 04- NPR-A-22	Basic Local Government Operations and Maintenance	1,309,806	Project will fund in part the operation and maintenance of the city council, administration and recreation departments.	Closed 12/04
Barrow 04 NPR-A-23	Public Facilities Operations and Maintenance	420,705	Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.	Closed 9/05
Barrow 04- NPR-A-24	Quest Mentorship Program with KBRW	265,000	Project will fund the Quest Mentorship Program through KBRW AM/FM radio station. Grant funds will be used to purchase necessary equipment for training interns and contractual services for implementation of the program. As of 12/05 balance remaining is less than \$23,000. Expect project to be closed 06/30/06.	Active
Barrow 04- NPR-A-25	Addition to Cemetery Road	44,230	Project will construct a one-quarter mile road, drainage culverts, and shoulder work to gain access to cemetery. Funds for design, purchase of road materials, freight, supplies, labor. As of 12/05 approximately \$11,000 remains in grant.	Active
North Slope Borough 04- NPR-A-03	Nuiqsut Natural Gas Upstream Conditioner	2,000,000	Project provides an alternative to high energy costs and increased demand created by the oil and gas activity.	Active
North Slope Borough 04- NPR-A-04	Waterfowl in NPR-A Continuation	443,619	This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.	Active
North Slope Borough 04- NPR-A-05	Arctic Fox Satellite Project	316,582	Project will outfit 20 arctic fox with radio transmitters and collection and analysis of data gathered. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.	Active
North Slope Borough 04- NPR-A-06	Caribou Movements & Distribution	359,245	This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.	Active
<b>Sub-Total (page 1)</b>		<b>\$5,621,527</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 2 of 3)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 04-NPRA-07	Survey and Inventory of Fish Resources	362,931	Project will include tagging and radio tracking of subsistence fish. The need for the inventory is clearly related to the foreseeable impacts of oil and gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife.	Active
North Slope Borough 04-NPRA-08	Fish Petroleum Hydrocarbon Study	405,659	Project will establish baseline data on the current status of petroleum hydrocarbons in four species of subsistence fish in the NPR-A.	Active
North Slope Borough 04-NPRA-09	Subsistence Harvest Monitoring	188,030	This is Phase III of the FY00 survey. Project will continue documentation of yearly wildlife harvest; identify specific areas important to subsistence hunting and any adverse impacts caused by oil/gas development.	Active
North Slope Borough 04-NPRA-10	Electric Thermal Oxidation/Waste Heat	1,500,000	Project will remodel the thermal oxidation system, expand the thermal oxidation system facility, and prepare a feasibility study on development of an electrical co-generation system at the facility.	Active
North Slope Borough 04-NPRA-11	Grant Oversight and Supervision	213,418	Project will allow NSB staff to work with borough communities to provide capacity building as well as send staff to professional development training.	Active
North Slope Borough 04-NPRA-12	Volunteer Search and Rescue Equipment	565,425	Project will provide search and rescue equipment, parts and supplies, and training for borough communities.	Active
North Slope Borough 04-NPRA-13	Fire Department Equipment Upgrades	250,276	Project will provide emergency medical equipment for five borough communities.	Closed 12/04
North Slope Borough 04-NPRA-14	Barrow Sewage Treatment Facility	10,000,000	Project will provide funds for construction of a new sewage treatment facility which will safely store and treat raw sewage and runoff for the next 20 years.	Active
North Slope Borough 04-NPRA-15	Emergency Radio Communications	1,550,570	Project will provide funds for purchase and maintenance of equipment/materials/supplies needed for the 800 MHz radio system for NSB emergency response teams.	Active
North Slope Borough 04-NPRA-16	Police Department Facilities and Training	728,999	Project will upgrade police department facilities in NSB communities including purchase of updated equipment and vehicles and professional development training.	Active
North Slope Borough 04-NPRA-17	Telecommunications System Update	156,145	Project will purchase equipment necessary for upgrading the current information technology system and to provide training for NSB staff in installation, operation and maintenance. As of 9/30/05 \$7500 remains in grant. Expect to close by 6/30/06.	Active
<b>Sub-Total (page 2)</b>		<b>\$15,921,453</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 3 of 3)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
North Slope Borough 04- NPR.A-18	Research Equipment for NPR-A Activities	250,000	Project will purchase equipment for collecting and analyzing data on subsistence activities and fish and wildlife resources.	Active
North Slope Borough 04- NPR.A-19	Barrow School Resource Officers	237,240	Project will fund School Resource Officers in three Barrow schools, provide training and purchase educational materials and supplies.	Active
North Slope Borough 04- NPR.A-20	NPR-A Village School Counselors	435,736	Project will fund salary/benefits for a School Counselor in four NPR-A communities and provide training for each position.	Active
North Slope Borough 04- NPR.A-26	Project Compliance and Fiscal Coordinator	198,250	Project will fund salary/benefits for a new Project Compliance and Fiscal Coordinator for all research related projects within the NSB's Dept of Wildlife Management for two years.	Active
North Slope Borough 04- NPR.A-27	Childcare/Learning Center/Training	56,123	Funds will be used to purchase surveillance equipment and for purchase and installation of fencing around the Barrow Child Care Learning Center playground. Two Center employees will attend professional development training.	Active
North Slope Borough 04- NPR.A-28	Village Summer Recreation Program	121,374	Project will fund salary/benefits for a Recreation Coordinator and a Recreation Aide for a summer recreation program in the five NPR-A communities. Professional development training also to be provided.	Active
North Slope Borough 04- NPR.A-29	Mayor's Job Program	653,929	This is a continuation of the FY03 NPR-A grant project, which mitigates impacts by supplying entry-level employment in village positions that have been vacated due to oil and gas development.	Closed 9/05
North Slope Borough 04- NPR.A-30	Workforce Development Program	1,515,825	Project will develop a One-Stop Job Center where NPR-A village members can obtain skills, certifications, and the expertise necessary to become employed by the infrastructure created by NPR-A development.	Active
	<b>Sub-Total (page 1)</b>	<b>\$5,621,527</b>		
	<b>Sub-Total (page 2)</b>	<b>\$15,921,453</b>		
	<b>Sub-Total (page 3)</b>	<b>\$3,468,477</b>		
	<b>Total</b>	<b>\$25,011,457</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on December 2003 Recommendations**  
**FY 05 Appropriation**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Grant Status</u>
Barrow 05- NPRA-01	Tuzzy Library	180,000	Project will fund salary/benefits for a full-time Library Technician to provide general library services with a focus on children.	Active
North Slope Borough 05- NPRA-02	Wainwright Local Government Operations	250,000	Project will fund salary/benefits for City positions and increase of hours on some current positions.	Active
North Slope Borough 05- NPRA-03	Barrow Allied Health Care Training Program	320,000	The need for the survey is clearly related to the foreseeable impacts of oil and gas development. The North Slope Allied Health Training Program will provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope.	Active
North Slope Borough 05- NPRA-04	Social and Cultural Impacts Study	300,586	Purpose of project is to document observations and perceptions of North Slope residents regarding historical, current and potential effects of oil industry activities on hunting and to determine how oil/gas development has affected hunters.	Active
North Slope Borough 05- NPRA-05	Oil/Gas Development Comprehensive Plan	400,000	This project will develop a comprehensive borough-wide oil and gas land-use plan to guide industrial development.	Active
North Slope Borough 05- NPRA-06	School Counselors Extended Program	205,000	This is a continuation of the program initially funded in FY 04 and will hire two additional school counselors in Barrow. As of 9/30/05 balance in grant is \$61. Expect it to close effective 12/05.	Active
North Slope Borough 05- NPRA-07	School Resource Officers	125,000	This is a continuation of the program initially funded in FY 04 and will be used to retain and train a School Resource Officer in Barrow.	Active
North Slope Borough 05- NPRA-08	School Based Programs	500,000	The NSB will partner with the NSB School District to provide open gyms and structured activities in Atqasak, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright.	Active
Nuiqsut 05- NPRA-10	Local Government Operations	250,000	Project will fund salary/benefits for City positions and increase of hours on some current positions.	Closed 7/05
<b>Total</b>		<b>\$2,530,586</b>		

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations

FY 06 Appropriation (page 1 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
Atqasuk 06- NPRA-01	Local Government Operations	336,468	The purpose of this project is to supplement the maintenance and operations costs necessary to successfully operate the local government of Atqasuk and provide continued services to residents including an expanded youth program. The project will provide funding for one year for the following city staff: mayor, city clerk, assistant clerk, janitor, two recreation aides. Grant funds are also requested for insurance, audit/accountant, utilities, equipment, communications, materials/supplies, freight and travel.	Active
Atqasuk 06- NPRA-02	Youth Center Addition to Community Center	680,000	The purpose of this project is to construct a 1600 square foot (SF) one-story addition to the Community Center to create a Youth Center. This will provide Atqasuk youth (ages 10-18) with a safe, drug-free, warm, supervised environment to socialize, play games, study and take part in other youth activities. There are currently 43 children in Atqasuk who are between the ages of 10 and 18. Grant funds are requested for the design and construction contract.	Active
Barrow 06- NPRA-03	Basic Local Government Operations	1,385,843	The purpose of this project is to provide operations for the City of Barrow for a one-year period. Grant funds are requested for labor/benefits for the following full-time positions (37.5 hr/wk): mayor, city clerk, assistant clerk, property manager, finance director, bookkeeper, permitting clerk, special projects/polar bear watchman, administrative assistant, webmaster, recreation director, recreation supervisor and two recreation aides. Grant funds are requested for labor/benefits for the following part-time positions: grants administrator (30 hr/wk), DMV representative (19 hr/wk), and 13 recreation aides (15-24 hr/wk). Grant funds are also requested for contractual (legal, audit, computer support), equipment, materials, freight and training. Administration will be provided as an in-kind contribution (2 hr/wk for the Grant Administrator).	Active
Barrow 06- NPRA-04	City Hall Building Addition Feasibility Study	69,413	The purpose of this project is to complete a feasibility study to identify the costs and materials needed to construct an addition for City Hall so it will continue to function efficiently and adequately. Grant funds are requested for contractual consultant costs.	Active
Barrow 06- NPRA-05	City Impound and Disposal Site	174,389	The purpose of this project is to construct a 120' x 200' gravel pad to provide a safe area for junk vehicles. The pad will be lined to keep vehicle fluids from seeping into the earth. Grant funds are requested for labor/benefits (four laborers), contractual (tractor operator/ rental costs), materials and freight.	Active
Barrow 06- NPRA-06	Roller Rink Renovation Feasibility Study	63,556	The purpose of this project is to complete a feasibility study to identify the costs and materials needed to renovate the Barrow Roller Rink, which is utilized as a multi-purpose facility. Grant funds are requested for contractual consultant costs.	Active
<b>Sub-Total (page 1)</b>		<b>\$2,709,669</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 2 of 6)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
Nuiqsut 06- NPR-07	Local Government Operations	468,000	The purpose of this project is to provide continued funding for local government operations for one year. Grant funds are requested for labor/benefits (full-time city clerk, maintenance, cultural coordinator, and bookkeeper; full-time night watch during summer months), contractual (City Administrator labor/benefits), equipment purchase (copier, fax/printer, computer), office supplies, freight (for equipment/supplies), travel (City Council/staff training), other (CPA professional services) and administration (utilities, insurance, council honorarium, vehicle maintenance and repairs). Also includes some equipment purchases for cultural coordinator.	Active
North Slope Borough 06- NPR-08	Barrow Allied Health Care Training Program	3,400,000	The North Slope Allied Health Training Program (NSAHTP) was established to provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope. Providers and participants include the Borough, NSB Health Department, Arctic Slope Native Association, Samuel Simmonds Memorial Hospital, and Ilisagvik College. The purpose of this project is to provide funding for the North Slope Allied Health Training Center which will coordinate training that has been identified to address and assuage the impacts of NPR-08 oil and gas development. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel, other and administration.	Active
North Slope Borough 06- NPR-09	Continue Studies to Investigate Wildlife	2,461,368	The purpose of this project is to supplement existing research within the NSB Department of Wildlife Management, which is critical to responding to Inupiat hunter's concerns about oil and gas exploration and development. This project would cover a three-year period to continue the following research: (1) Subsistence Harvest Documentation; (2) Waterfowl Surveys; (3) Key Subsistence Fish Species; (4) Hydrocarbons in Fish; and (5) Satellite Tracking of the Teshekpuk Caribou Herd. Grant funds are requested for labor/benefits, contractual, equipment, materials/supplies, travel and administration.	Active
North Slope Borough 06- NPR-10	Health, Survival & Sustainability of Key Subsistence Resources	654,426	The purpose of this project is to conduct new studies over a 3-year period that address and document independent aspects of wildlife population biology. Each study has been designed to complement each other so the NSB Department of Wildlife Management may better understand the influences of weather and habitat on natural winter survival of caribou; project future population estimates of TCH caribou under different conditions; and assess and document the health of subsistence animal and fish populations. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel and indirect.	Active
<b>Sub-Total (page 2)</b>		<u>\$6,983,794</u>		

**NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations**  
**FY 06 Appropriation (page 3 of 6)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPR-11	Mayor's Job Program	2,527,961	The purpose of this project is to continue the existing Mayor's Job Program, which provides short-term employment for NSB residents at the Borough offices and other employers such as the Arctic Slope Native Association, Native Village of Barrow and the City of Barrow. The program provides training for individuals to assist them with acquiring necessary job skills to advance to full-time employment. Grant funds are requested to fund these positions, as well as a part-time coordinator to oversee the participants throughout the affected areas. Funding is also requested for supplies and administration.	Active
North Slope Borough 06- NPR-12	Nuiqsut Design Retractable Boat Ramp	200,000	The purpose of this project is to design and install a retractable boat ramp. Grant funds are requested for contractual and administration.	Active
North Slope Borough 06- NPR-13	Nuiqsut Youth Center Operation and Maintenance	191,205	The purpose of this project is to provide funding for the operation and maintenance of the Nuiqsut Youth Center. Grant funds are requested for labor/benefits (three full-time Coordinator positions), equipment purchase (TV & DVD), material/supplies (cleaning/janitorial, computer software, games, craft supplies), freight, training (academic/computer), utilities (fuel, electricity, water/sewer, phone/internet) and administration. In December 2005 the City of Nuiqsut and NSB agreed to move funds (total \$41,205) to this grant from two grants appropriated in FY02: 01-NPR-09 (Nuiqsut Wooden Deck Ball Court @ \$11,205) and 01-NPR-10 (Nuiqsut Emergency Hunting Shelters @ \$30,000).	Active
North Slope Borough 06- NPR-14	Village Capacity Building	968,182	The purpose of this project is to provide capacity-building assistance over a 3-year period to NSB villages so they may effectively serve the needs of their communities as they deal with the effects of oil and gas development. This project is planned for three years in order to assist those communities that are affected today by NPR-14 oil and gas activity as well as to prepare those communities that will be impacted as NPR-14 activity expands. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.	Active
North Slope Borough 06- NPR-15	Wainwright City Office Revonocations	38,114	The purpose of this project is to repair the City Office building to provide a safe, warm environment for city business. This includes replacement of damaged floor substrate, floor tiles, ceiling lighting, furnace, hot water heater, fire door and addition of o/s air intake. Grant funds are requested for contractual services and administration.	Active
Sub-Total (page 3)		<u>\$3,884,257</u>		

**NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations**  
**FY 06 Appropriation (page 4 of 6)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06-NPRA-16	Wainwright Lagoon Boat Launch	525,000	The purpose of this project is to replace or renovate the Wainwright Lagoon Boat Ramp to provide a safe launch site for subsistence and rescue activities. Grant funds are requested for contractual services and administration.	Active
North Slope Borough 06-NPRA-17	Wainwright Local Government Operations	311,500	The purpose of this project is to provide continued funding for a City Administrator, Program Assistant and City Clerk to build the capacity of the City of Wainwright to successfully manage its financial affairs and grant programs, to implement new sources of revenue, and to continue staff training. Grant funds are requested for labor/benefits, contractual services, maintenance/repairs, insurance, utilities, materials/supplies, training/travel, audit/ accountant fees and administration.	Active
North Slope Borough 06-NPRA-18	Wainwright Softball Field	35,000	The purpose of this project is to purchase and install a backstop, bleachers and other equipment required to provide a summer softball program for Wainwright youth which will be conducted on the Municipal Reserve recreational area owned by the city. Grant funds are requested for contractual services, materials/supplies and administration.	Active
North Slope Borough 06-NPRA-19	Wainwright Youth Program	229,500	The purpose of this project is to provide funding for the Wainwright Youth Program at the Robert James Community Center which offers an adult-supervised, safe, drug-free environment for Wainwright youth ages 10-18. Grant funds are requested for labor/benefits, contractual, utilities, maintenance/repairs, materials/supplies and administration.	Active
North Slope Borough 06-NPRA-20	Workforce Development Program	3,729,451	The purpose of this project is to continue the existing Workforce Development Program, which is designed to provide entry level training for unemployed residents, apprenticeship training for residents with more advanced job skills and training to enhance the job skills of current NSB employees. Grant funds are requested for labor/benefits for four full-time positions at the Savaat Center: Workforce Development Coordinator, NSB Employer Liaison; NSB Training Facilitator; Savaat Center Program Assistant. Grant funds are also requested for equipment, training, travel and administration.	Active
North Slope Borough 06-NPRA-21	Atqasuk Energy Assessment	100,042	The purpose of this project is to identify the most cost-effective, cleanest and safest alternative to energy (power, light and heat) in the community of Atqasuk. Fuel costs in Atqasuk are currently the highest on the Slope and they have need to purchased 500,000 gallons for FY05. Grant funds are requested for contractual engineering/cost analysis and administration.	Active
<b>Sub-Total (page 4)</b>		<b>\$4,930,493</b>		

**NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations**  
**FY 06 Appropriation (page 5 of 6)**

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPR-A-22	Fire Equipment and Training	250,000	The purpose of this project is to allow the NSB Fire Department to acquire a quint fire fighting apparatus in Barrow, acquire other training and operational equipment, and provide fire and emergency medical training to fire department employees and volunteer fire fighters in Atkasuk, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright. Grant funds are requested for equipment, supplies, freight, training, travel and administration.	Active
North Slope Borough 06- NPR-A-23	Misdemeanor Probation Officer	346,071	The purpose of this project is to create one full-time Misdemeanor Probation Officer position for three years, which will be tasked with collecting information on misdemeanor offenders and their compliance with court-ordered conditions of probation/release. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.	Active
North Slope Borough 06- NPR-A-24	North Slope Borough Science Initiatives	425,578	The purpose of this project is to support the Borough's involvement in the North Slope Science Initiative (NSSI). The NSSI was established to develop a science-based program that integrates inventory, monitoring and research activities to support resource management decisions on the North Slope of Alaska. Its mission is to enhance the quality and quantity of the scientific information available for aquatic, terrestrial and marine environments on the North Slope and to make this information available to decision-makers, governmental agencies, industry and the public. Grant funds are requested for labor/benefits, contractual, supplies, travel and administration.	Active
North Slope Borough 06- NPR-A-25	NPR-A Technical Review Team	1,468,508	The purpose of this project is to provide additional staff to assist the NSB departments responsible for reviewing and commenting on resource development issues, including environmental analyses and permit applications. Grant funds are requested for services from a biologist, permit specialist and an attorney, including travel and support costs related to attending and holding public hearings and other meetings. Funds are also requested for contractual services, materials and administration.	Active
North Slope Borough 06- NPR-A-26	Oil Response Team	737,867	The purpose of this project is to develop a dedicated spill response team with squads located in Atkasuk, Barrow, Nuiqsut and Wainwright. Each team would have primary responsibility for handling spills in and near their respective communities, but would also be able to rapidly respond to neighboring communities to assist in large-scale spills. Grant funds are requested for labor/benefits (Fuel Spill Response Team Coordinator – full-time in Year One; part-time in Year Two), materials/supplies, protective equipment/response gear, travel/training and administration.	Active
Sub-Total (page 5)		<u>\$3,228,024</u>		

NPR-A 1 Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 6 of 6)

<u>Grantee</u>	<u>Project</u>	<u>Amount</u>	<u>Comments</u>	<u>Status</u>
North Slope Borough 06- NPRA-27	Police Importation Combat Program	1,101,512	The purpose of this project is to implement an investigative unit comprised of three new full-time Police Officer positions for a 3-year period, dedicated to combating the illegal importation, manufacture and distribution of drugs and alcohol occurring in each of the NPRA impacted communities. Grant funds are requested for labor/benefits and administration.	Active
North Slope Borough 06- NPRA-28	Police Officers for NPRA Villages	1,486,689	The purpose of this project is to employ a full-time Police Officer for a three-year period in Atkasuk, Barrow, Nuiqsut and Wainwright. Grant funds are requested for labor/benefits and administration.	Active
North Slope Borough 06- NPRA-29	Social and Culutral Impact Study Phase 2	275,880	The purpose of this project is to prepare a comprehensive scientific study to identify the key socio-economic impacts of oil and gas development in Atkasuk, Barrow, Nuiqsut and Wainwright. Phase I of the study started in July 2004 and consists of designing the survey instrument and data collection. Phase 2 will analyze data collected in phase 1, focusing on the observations and perceptions of NSB residents regarding historical, current and potential effects of oil industry activities on onshore and offshore hunting. Grant funds are requested for contractual and administration.	Active
North Slope Borough 06- NPRA-30	Utility Master Plan/Emergency Plan	106,221	The purpose of this project is to prepare a Borough-wide Utility Master Plan and Emergency Utility Plan to assess the future requirements of power, water, sewer, waste collection and landfill functions across the North Slope and develop a tool for the Borough to use to prepare communities for the changes ahead. Grant funds are requested for contractual engineering and administration.	Active
	Sub-Total (page 1)	\$2,709,669		
	Sub-Total (page 2)	\$6,983,794		
	Sub-Total (page 3)	\$3,884,257	Note: This subtotal does not include the \$41,205 moved from FY 02 grants.	
	Sub-Total (page 4)	\$4,930,493		
	Sub-Total (page 5)	\$3,228,024		
	Sub-Total (page 6)	\$2,970,302		
	<b>Total</b>	<b>\$24,706,539</b>	Note: This total does not include the \$41,205 moved from FY 02 grants.	

FY 07 NPR-A Applications Received by 11/15/05 Deadline

APPLICANT	PROJECT TITLE	COMMUNITY(IES) TO BENEFIT	AMOUNT REQUESTED
City of Atqasuk	Local Government Operations & Youth Program	Atqasuk	345,867.00
	<b>Total Requested (1)</b>		<b>\$345,867.00</b>
City of Barrow	Public Facilities Operations & Maintenance	Barrow	744,073.05
	<b>Total Requested (1)</b>		<b>\$744,073.05</b>
North Slope Borough	Wainwright Local Government Operations	Wainwright	325,000.00
	Wainwright Youth Center Program	Wainwright	243,000.00
	Training & Mentoring Program for NPRA Residents Entering Oil Industry	All NPRA	315,707.00
	Nuiqsut & Hopson Middle School Counselors	Nuiqsut & Barrow	253,115.00
	Bowhead Workshop	Barrow, Nuiqsut & Wainwright	60,095.00
	Vegetation Monitoring in NPRA	All NPRA	147,688.00
	Understanding Predators (Gulls)	All NPRA	341,812.00
	Health Assesment/Contaminants	All NPRA	24,200.00
	Cabin & Campsite Locations Mapping	All NPRA	61,710.00
	NSB Assembly Chambers Expansion/Renovation	Borough-wide	525,000.00
	Barrow E911 System	Borough-wide	511,878.00
	Barrow Digital Repeater Upgrades	Borough-wide	507,064.00
	School Resource Officer	Barrow	125,000.00
	<b>Total Requested (13)</b>		<b>\$3,441,269.00</b>
City of Nuiqsut	Local Government Operations & Maintenance	Nuiqsut	500,000.00
	Paisangich Cultural Plan	Nuiqsut	100,000.00
	Youth Center Operations & Maintenance	Nuiqsut	150,000.00
	<b>Total Requested (3)</b>		<b>\$750,000.00</b>
	<b>GRAND TOTAL - 18 Applications</b>		<b>\$5,281,209.05</b>

# ATTACHMENTS

**Federal Statutes (42 USC Chapter 78)**

**Alaska Statutes (AS 37.05.530)**

**Alaska Regulations (03 AAC 150)**

**UNITED STATES CODE**  
**Title 42 - The Public Health And Welfare**  
**Chapter 78 - National Petroleum Reserve In Alaska**

**Sec. 6501. - "Petroleum" defined**

As used in this chapter, the term "petroleum" includes crude oil, gases (including natural gas), natural gasoline, and other related hydrocarbons, oil shale, and the products of any of such resources

**Sec. 6502. - Designation of National Petroleum Reserve in Alaska; reservation of lands; disposition and conveyance of mineral materials, lands, etc., preexisting property rights**

The area known as Naval Petroleum Reserve Numbered 4, Alaska, established by Executive order of the President, dated February 27, 1923, except for tract Numbered 1 as described in Public Land Order 2344, dated April 24, 1961, shall be transferred to and administered by the Secretary of the Interior in accordance with the provisions of this Act. Effective on the date of transfer all lands within such area shall be redesignated as the "National Petroleum Reserve in Alaska" (hereinafter in this chapter referred to as the "reserve"). Subject to valid existing rights, all lands within the exterior boundaries of such reserve are hereby reserved and withdrawn from all forms of entry and disposition under the public land laws, including the mining and mineral leasing laws, and all other Acts; but the Secretary is authorized to

(1) make dispositions of mineral materials pursuant to the Act of July 31, 1947 (61 Stat. 681), as amended (30 U.S.C. 601 et seq.), for appropriate use by Alaska Natives and the North Slope Borough,

(2) make such dispositions of mineral materials and grant such rights-of-way, licenses, and permits as may be necessary to carry out his responsibilities under this Act,

(3) convey the surface of lands properly selected on or before December 18, 1975, by Native village corporations pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), and

(4) grant such rights-of-way to the North Slope Borough, under the provisions of title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) or section 28 of the Mineral Leasing Act, as amended (30 U.S.C. 185), as may be necessary to permit the North Slope Borough to provide energy supplies to villages on the North Slope. All other provisions of law heretofore enacted and actions heretofore taken reserving such lands as a Naval Petroleum Reserve shall remain in full force and effect to the extent not inconsistent with this Act

**Sec. 6503. - Transfer of jurisdiction, duties, property, etc., to Secretary of the Interior from Secretary of Navy**

(a) Transfer of jurisdiction over reserve; date of transfer

Jurisdiction over the reserve shall be transferred by the Secretary of the Navy to the Secretary of the Interior on June 1, 1977.

(b) Protection of environmental, fish and wildlife, and historical or scenic values; promulgation of rules and regulations

With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities as of April 5, 1976. As soon as possible, but not later than the effective date of transfer, the Secretary of the Interior may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.

(c) Contract responsibilities and functions

The Secretary of the Interior shall, upon the effective date of the transfer of the reserve, assume the responsibilities and functions of the Secretary of the Navy under any contracts which may be in effect with respect to activities within the reserve.

(d) Equipment, facilities, and other properties used in connection with operation of reserve; transfer without reimbursement

On the date of transfer of jurisdiction of the reserve, all equipment, facilities, and other property of the Department of the Navy used in connection with the operation of the reserve, including all records, maps, exhibits, and other informational data held by the Secretary of the Navy in connection with the reserve, shall be transferred without reimbursement from the Secretary of the Navy to the Secretary of the Interior who shall thereafter be authorized to use them to carry out the provisions of this chapter.

(e) Unexpended funds previously appropriated for use in connection with reserve and civilian personnel ceilings assigned to management and operation of reserve

On the date of transfer of jurisdiction of the reserve, the Secretary of the Navy shall transfer to the Secretary of the Interior all unexpended funds previously appropriated for use in connection with the reserve and all civilian personnel ceilings assigned by the Secretary of the Navy to the management and operation of the reserve as of January 1, 1976

**Sec. 6504. - Administration of reserve**

(a) Congressional authorization as precondition for production and development of petroleum

Except as provided in subsection (e) of this section, production of petroleum from the reserve is prohibited and no development leading to production of petroleum from the reserve shall be undertaken until authorized by an Act of Congress.

(b) Conduct of exploration within designated areas to protect surface values

Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.

(c) Continuation of ongoing petroleum exploration program by Secretary of Navy prior to date of transfer of jurisdiction; duties of Secretary of Navy prior to transfer date

The Secretary of the Navy shall continue the ongoing petroleum exploration program within the reserve until the date of the transfer of jurisdiction specified in section 6503(a) of this title. Prior to the date of such transfer of jurisdiction the Secretary of the Navy shall -

(1) cooperate fully with the Secretary of the Interior providing him access to such facilities and such information as he may request to facilitate the transfer of jurisdiction;

(2) provide to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives copies of any reports, plans, or contracts pertaining to the reserve that are required to be submitted to the Committees on Armed Services of the Senate and the House of Representatives; and

(3) cooperate and consult with the Secretary of the Interior before executing any new contract or amendment to any existing contract pertaining to the reserve and allow him a reasonable opportunity to comment on such contract or amendment, as the case may be.

(d) Commencement of petroleum exploration by Secretary of the Interior as of date of transfer of jurisdiction; powers and duties of Secretary of the Interior in conduct of exploration

The Secretary of the Interior shall commence further petroleum exploration of the reserve as of the date of transfer of jurisdiction specified in section 6503(a) of this title. In conducting this exploration effort, the Secretary of the Interior -

(1) is authorized to enter into contracts for the exploration of the reserve, except that no such contract may be entered into until at least thirty days after the Secretary of the Interior has provided the Attorney General with a copy of the proposed contract and such other information as may be appropriate to determine legal sufficiency and possible violations under, or inconsistencies with, the antitrust laws. If, within such thirty day period, the Attorney General advises the Secretary of the Interior that any such contract would unduly restrict competition or be inconsistent with the antitrust laws, then the Secretary of the Interior may not execute that contract;

(2) shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives any new plans or substantial amendments to ongoing plans for the exploration of the reserve. All such plans or amendments submitted to such committees pursuant to this section shall contain a report by the Attorney General of the United States with respect to the anticipated effects of such plans or amendments on competition. Such plans or amendments shall not be implemented until sixty days after they have been submitted to such committees; and

(3) shall report annually to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives on the progress of, and future plans for, exploration of the reserve

**Sec. 6505. - Executive department responsibility for studies to determine procedures used in development, production, transportation, and distribution of petroleum resources in reserve; reports to Congress by President; establishment of task force by Secretary of the Interior; purposes; membership; report and recommendations to Congress by Secretary; contents**

(a) Omitted

(b)

(1) The President shall direct such Executive departments and/or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska, to determine the best overall procedures to be used in the development, production, transportation, and distribution of petroleum resources in the reserve. Such study shall include, but shall not be limited to, a consideration of -

(A) the alternative procedures for accomplishing the development, production, transportation, and distribution of the petroleum resources from the reserve, and

(B) the economic and environmental consequences of such alternative procedures.

(2) The President shall make semiannual progress reports on the implementation of this subsection to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives beginning not later than six months after April 5, 1976, and shall, not later than one year after the transfer of jurisdiction of the reserve, and annually thereafter, report any findings or conclusions developed as a result of such study together with appropriate supporting data and such recommendations as he deems desirable. The study shall be completed and submitted to such committees, together with recommended procedures and any proposed legislation necessary to implement such procedures not later than January 1, 1980.

(c)

(1) The Secretary of the Interior shall establish a task force to conduct a study to determine the values of, and best uses for, the lands contained in the reserve, taking into consideration

- (A) the natives who live or depend upon such lands,
- (B) the scenic, historical, recreational, fish and wildlife, and wilderness values,
- (C) mineral potential, and
- (D) other values of such lands.

(2) Such task force shall be composed of representatives from the government of Alaska, the Arctic slope native community, and such offices and bureaus of the Department of the Interior as the Secretary of the Interior deems appropriate, including, but not limited to, the Bureau of Land Management, the United States Fish and Wildlife Service, the United States Geological Survey, and the United States Bureau of Mines.

(3) The Secretary of the Interior shall submit a report, together with the concurring or dissenting views, if any, of any non-Federal representatives of the task force, of the results of such study to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives within three years after April 5, 1976, and shall include in such report his recommendations with respect to the value, best use, and appropriate designation of the lands referred to in paragraph (1)

**Sec. 6506. - Applicability of antitrust provisions; plans and proposals submitted to Congress to contain report by Attorney General on impact of plans and proposals on competition**

Unless otherwise provided by Act of Congress, whenever development leading to production of petroleum is authorized, the provisions of subsections (g), (h), and (i) of section 7430 of title 10 shall be deemed applicable to the Secretary of the

Interior with respect to rules and regulations, plans of development and amendments thereto, and contracts and operating agreements. All plans and proposals submitted to the Congress under this chapter or pursuant to legislation authorizing development leading to production shall contain a report by the Attorney General of the United States on the anticipated effects upon competition of such plans and proposals

**Sec. 6507. - Authorization of appropriations; Federal financial assistance for increased municipal services and facilities in communities located on or near reserve resulting from authorized exploration and study activities**

(a) There are authorized to be appropriated to the Department of the Interior such sums as may be necessary to carry out the provisions of this chapter.

(b) If the Secretary of the Interior determines that there is an immediate and substantial increase in the need for municipal services and facilities in communities located on or near the reserve as a direct result of the exploration and study activities authorized by this chapter and that an unfair and excessive financial burden will be incurred by such communities as a result of the increased need for such services and facilities, then he is authorized to assist such communities in meeting the costs of providing increased municipal services and facilities. The Secretary of the Interior shall carry out the provisions of this section through existing Federal programs and he shall consult with the heads of the departments or agencies of the Federal Government concerned with the type of services and facilities for which financial assistance is being made available

**Sec. 6508. - Competitive leasing of oil and gas**

There shall be conducted, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska: Provided, That

(1) activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve);

(2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) (43 U.S.C. 1712, 1782) shall not be applicable to the Reserve;

(3) the first lease sale shall be conducted within twenty months of December 12, 1980: Provided, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332);

(4) the withdrawals established by section 102 of Public Law 94-258 (42 U.S.C. 6502) are rescinded for the purposes of the oil and gas leasing program authorized herein;

(5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1)(A) through (H) [1] of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629) (43 U.S.C. 1337(a)(1)(A)-(H));

(6) lease tracts may encompass identified geological structures;

(7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary;

(8) each lease shall be issued for an initial period of ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon;

(9) for purposes of conservation of the natural resources of any oil or gas pool, field, or like area, or any part thereof, lessees thereof and their representatives are authorized to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit agreement for such pool, field, or like area, or any part thereof (whether or not any other part of said oil or gas pool, field, or like area is already subject to any cooperative or unit plan of development or operation), whenever determined by the Secretary to be necessary or advisable in the public interest. Drilling, production, and well reworking operations performed in accordance with a unit agreement shall be deemed to be performed for the benefit of all leases that are subject in whole or in part to such unit agreement. When separate tracts cannot be independently developed and operated in conformity with an established well spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto;

(10) to encourage the greatest ultimate recovery of oil or gas or in the interest of conservation the Secretary is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, including on any lease operated pursuant to a unit agreement, whenever in his judgment the leases cannot be successfully operated under the terms provided therein. The Secretary is authorized to direct or assent to the suspension of operations and production on any lease or unit. In the event the Secretary, in the interest of conservation, shall direct or assent to the suspension of operations and production on any lease or unit, any payment of acreage rental or minimum royalty

prescribed by such lease or unit likewise shall be suspended during the period of suspension of operations and production, and the term of such lease shall be extended by adding any such suspension period thereto; and

(11) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: Provided, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for:

(A) planning;

(B) construction, maintenance, and operation of essential public facilities;  
and

(C) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105(b) and (c) of Public Law 94-258 (42 U.S.C. 6505(b), (c)) shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190) (42 U.S.C. 4332(2)(C)), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: Provided, That not more than a total of 2,000,000 acres may be leased in these two sales: Provided further, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)

**ALASKA STATUTES**  
**Title 37. Public Finance**  
**Chapter 5. Fiscal Procedures Act**

**Section 530. National Petroleum Reserve - Alaska Special Revenue Fund**

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

(b) The commissioner of revenue shall manage the National Petroleum Reserve - Alaska special revenue fund.

(c) The Department of Community and Economic Development shall adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact. The department shall give priority in the allocation of grants to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska. The department shall fund all meritorious grant applications out of the money appropriated to it each year. Within 10 days after the convening of each regular session of the legislature, the department shall submit to the legislature a list of all municipalities that have received grants, a list of all municipalities determined by the department to be eligible for further grants, a recommendation of the amount of money to be granted for those additional applications, and written justification of each past and potential grant.

(d) It is the intent of the legislature that each year all of the money in the National Petroleum Reserve - Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate under (c) of this section present impact, or the need to determine or plan for future impact, from oil and gas development under 42 U.S.C. 6508. It is the intent of the legislature that an initial appropriation be made to the Department of Community and Economic Development to cover anticipated impact grants, and that additional funds be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

(e) A municipality may use the funds received under (d) of this section only for the following activities and services to alleviate the impact of the oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska:

- (1) planning;

(2) construction, maintenance, and operation of essential public facilities by the municipality, and

(3) other necessary public services provided by the municipality.

(f) Funds appropriated under (d) of this section may not be used for the retirement of municipal debt.

(g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated for grants to municipalities under (d) of this section shall be deposited at the end of each fiscal year as follows: (1) 25 percent to the principal of the Alaska permanent fund; and (2) .5 percent to the public school trust fund (AS 37.14.110). The amounts remaining after the deposits to the Alaska permanent fund and the public school trust fund may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). The amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

(h) Notwithstanding other provisions of law and unless expressly provided by the legislature in the appropriation item making the appropriation, an appropriation from the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the funding sources for the appropriation be treated as though the appropriation takes effect in the fiscal year in which the appropriation passes the legislature. The authorization to expend funds appropriated from the fund shall take effect as otherwise provided by law.

**ALASKA ADMINISTRATIVE CODE**  
**Title 3. Community and Economic Development**  
**Chapter 150. National Petroleum Reserve - Alaska Impact Program**

**3 AAC 150.010. General Objectives**

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial assistance may be available for

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; and
- (3) other necessary public services.

**3 AAC 150.020. Administration of NPR-A Impact Program**

Under sec. 2, ch. 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Economic Development. The department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with sec. 3, ch. 53, SLA 1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the department will allocate the available grant money in accordance with the criteria for priority set out in 3 AAC 150.060 - 3 AAC 150.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

**3 AAC 150.030. Eligibility in General**

Eligibility for NPR-A impact assistance has two main components: applicant eligibility and project eligibility.

**3 AAC 150.040. Applicant Eligibility**

To be eligible to receive assistance under the NPR-A Impact program, the applicant

- (1) must be a municipality under state law; and
- (2) must demonstrate present impact, regardless of date of initial occurrence, or foreseeable future impact, on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

**3 AAC 150.050. Project Eligibility**

(a) To be eligible for funding under the NPR-A impact program, a project must be related to present, continuing, or reasonably foreseeable impact on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

(b) To be eligible for funding, a project also must be for the purpose of

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; or
- (3) other necessary public services.

(c) In this section, "impact" means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508 on

- (1) population;
- (2) employment;
- (3) finances;
- (4) social and cultural values;
- (5) air and water quality;
- (6) fish and wildlife habitats;
- (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and
- (8) other things of demonstrable importance to the applicant or the applicant's residents.

(d) Examples of needs that eligible projects may address include the following:

- (1) resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicant's residents rely for subsistence needs;
- (2) alleviation or mitigation of adverse social or cultural impacts;
- (3) health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems;
- (4) public safety needs, including police protection, search and rescue, and fire protection;
- (5) utility needs, including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;
- (6) housing needs;
- (7) recreational needs.

### **3 AAC 150.060. Project Criteria**

(a) If the total amount of money requested by eligible applicants for eligible projects in meritorious applications exceeds the amount appropriated for grants that year, the department will rank applications for the purpose of establishing priority for funding.

(b) In determining the merit of an application, the department will consider

- (1) the degree to which the project proposed in the grant application alleviates the impact caused by development in the NPR-A under 42 U.S.C. 6508;
- (2) the ability of the applicant to accommodate or absorb the impacts through existing facilities or programs; and
- (3) other criteria the department identifies as critical to determination of the merit of the application.

(c) In ranking the applications, the department will consider

- (1) the severity of the impact caused by the development in the NPR-A under 42 U.S.C. 6508 on the municipality; and
- (2) the degree to which the impact on the municipality is directly caused by development in the NPR-A under 42 U.S.C. 6508.

### **3 AAC 150.070. Submission of Applications**

(a) Application must be made on forms provided by the department. The forms will be such that they may be easily filled out by small communities without technical staff. The department will, upon request, provide assistance to applicants to the extent possible based upon the availability of financial and human resources.

(b) A municipality that believes it is eligible to receive NPR-A impact assistance under 3 AAC 150.010 – 3 AAC 150.060 may file an application with the department as provided for in (a) of this section. An application must be postmarked no later than November 15 of each year in which NPR-A assistance money is available for appropriation by the legislature under AS 37.05.530. If November 15 is a Saturday, Sunday, or legal holiday, the deadline for postmark is the department's next regular business day.

### **3 AAC 150.080. Review of Applications and Award of Grants**

(a) The department will review applications for eligibility for NPR-A impact assistance and place applications in order of priority in accordance with 3 AAC 150.060.

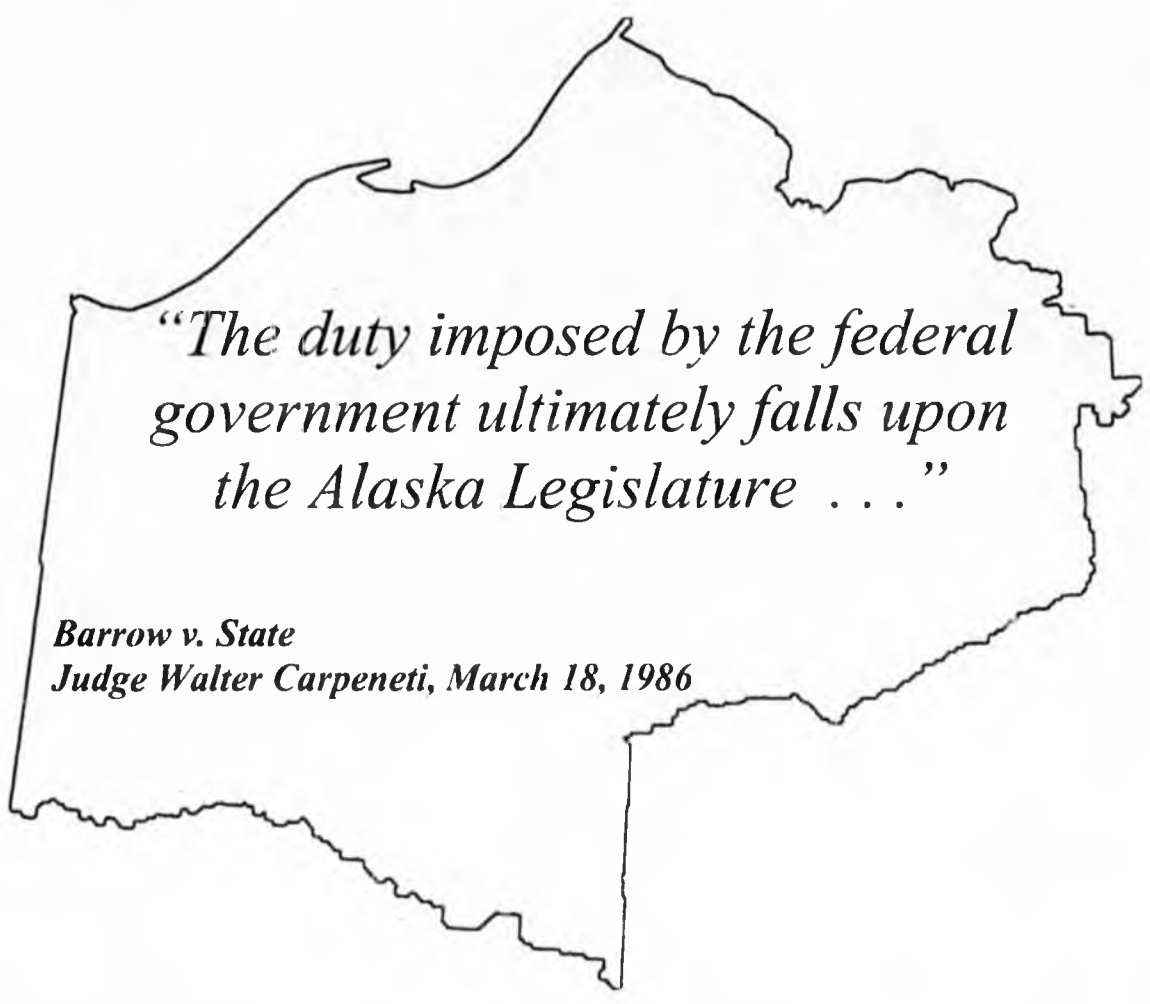
(b) The department will review each application determined to be eligible for NPR-A impact assistance to determine whether the amount requested for a project is reasonably necessary for the project to alleviate impacts from oil and gas development in the NPR-A under 42 U.S.C. 6508, the department will deduct from the amount requested any amounts that are not reasonably necessary for that purpose.

(c) If, after making necessary adjustments to grant requests under (b) of this section, the department determines that the total amount for eligible projects requested by all eligible applicants that year is equal to or less than the amount appropriated for that year, the department will fund all meritorious requests. If the total amounts requested are greater than the amount appropriated, the department will fund requests in accordance with the priorities established in 3 AAC 150.060 until the appropriation is spent. The department will, in its discretion, recommend to the legislature that additional money be made available through supplemental appropriations.

### **3 AAC 150.090. Reconsideration and Judicial Review**

A municipality aggrieved by a decision made under this chapter may request reconsideration by the commissioner of community and regional affairs, and must seek such reconsideration before seeking judicial review. A final decision of the department is subject to judicial review in accordance with Rule 602 of the Alaska Rules of Appellate Procedure.

# Senate Bill 171

An outline map of the state of Alaska, centered on the page. The map's border is a simple black line. Inside the map, there is a quote and a reference to a court case.

*“The duty imposed by the federal government ultimately falls upon the Alaska Legislature . . . .”*

*Barrow v. State  
Judge Walter Carpeneti, March 18, 1986*

*Sponsored by  
Gary Wilken*

March 1, 2006

*[AkRepublicans.org/wilken](http://AkRepublicans.org/wilken)*

In Alaska, there's a little-known fact . . .

## . . . an exception to our Constitution

Article IX, Section 15



## There's an account in front of our AK Permanent Fund – an “Impact Fund”

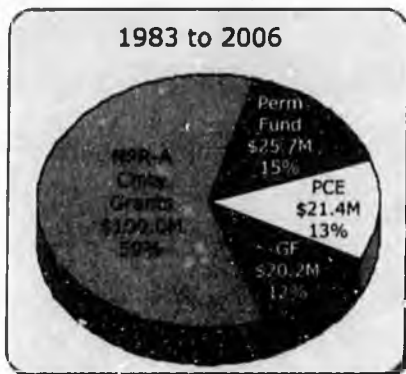
- The “Impact Fund” was inserted there in 1980 by federal legislation.
- Alaska State Constitution (*Art. IX, Sec. 15*) requires 25% percent to be deposited into the Alaska Permanent Fund.
- Since 1980, Alaska has received \$167.6 M from oil and gas development in NPR-A.

### BUT

- To date, only 15% has been deposited into our Permanent Fund.

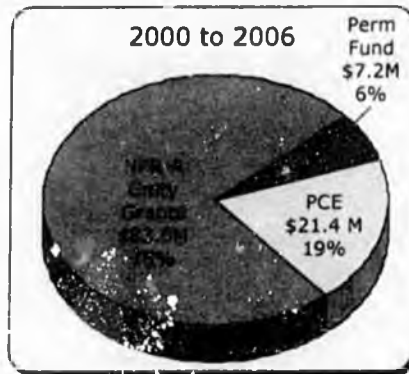
## ... where did the money go?

**A Look at the Total Program**  
Distribution of \$167.6 M



Note: Public School Trust received .2% (\$328,927)

**2000 to 2006**  
Distribution of \$112.4 M

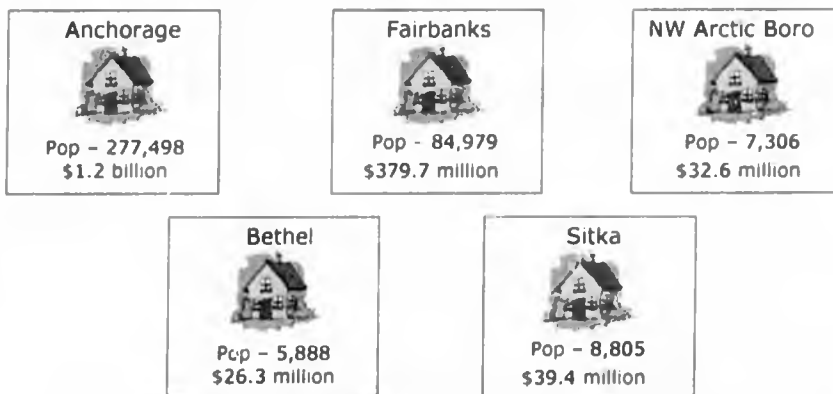


Note: Public School Trust received .1% (\$143,665)  
General Fund received 0%

Source: Department of Commerce, Community, and Economic Development

## A Perspective in Statewide Terms

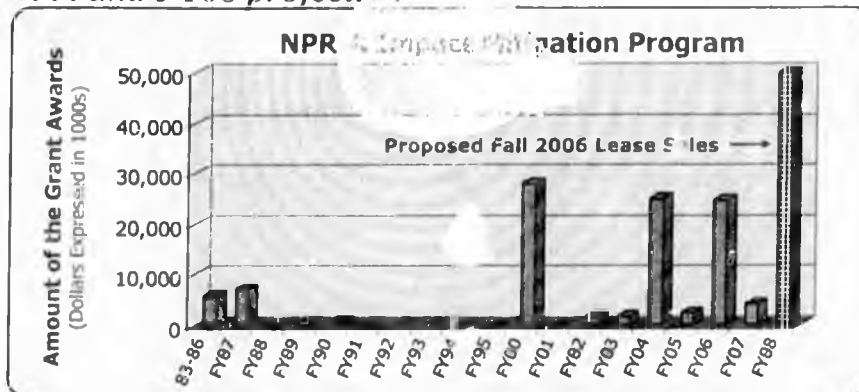
*What if* ... the FY06 awarded grant amount was computed on a per person basis, what would that mean, for example, for other AK communities?



The FY06 requested amount, \$24,706,539, is divided by the total population of NPR-A grant recipients, 5,530, for a per person amount, \$4,468.

## Alaska's NPR-A Receipts

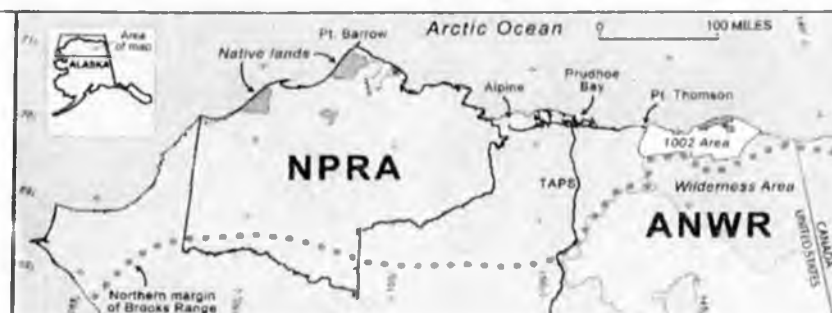
... and FY08 projection



FY07 is the requested amount. FY08 is the projected amount from the proposed NPR-A fall lease sales.

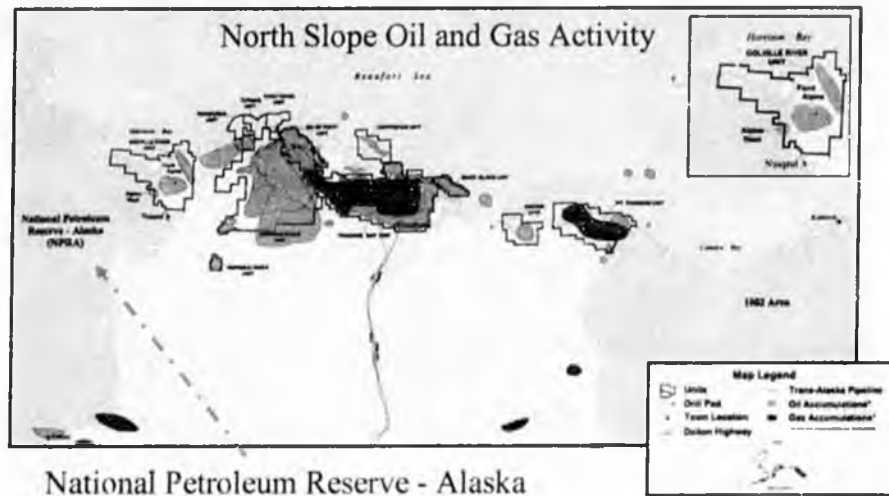
Since 1983, a total of **\$104,213,726** has been awarded to 4 communities. (Total includes the FY07 requested amount of \$4,278,502) (FY87 and FY91 include 5 communities)

## What's NPR-A???

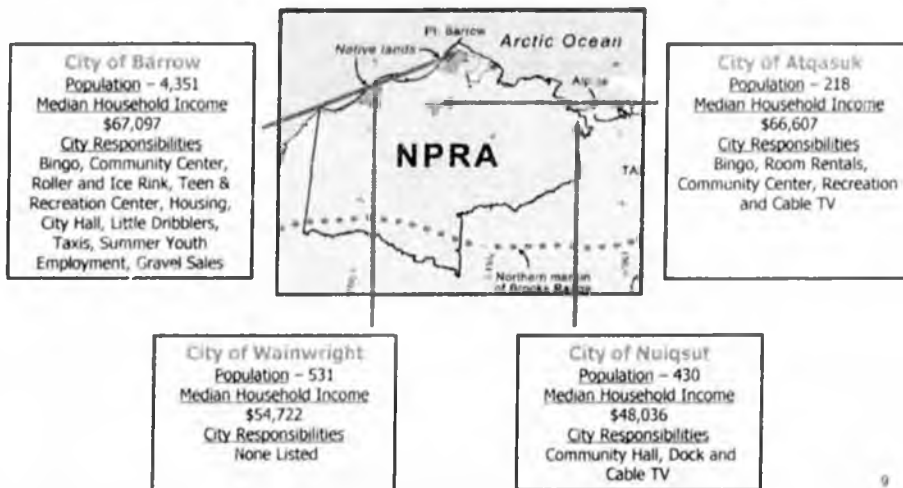


- 23.5 million-acre petroleum reserve (~ Indiana)
- NW third of Alaska's arctic between the Brooks Range and the Arctic Ocean
- New oil lease sale proposed for Fall 2006

## North Slope main O&G activity

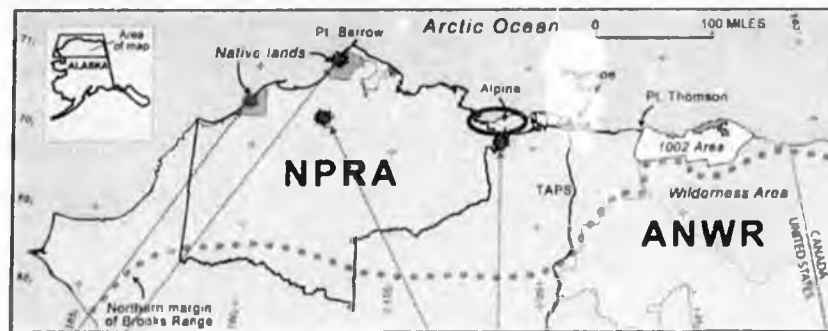


## Communities within NPR-A



Source: DCCED and Alaska Municipal League - 2005 Alaska Municipal Officials Directory

## Where is NPR-A O&G activity?



### Proximity to Current NPR-A Oil and Gas Activity

- Wainwright ~ 220 miles
- Barrow ~ 160 miles
- Nuiqsut ~ 8 miles
- Atqasuk ~ 160 miles

## The history of NPR-A

- 1923 President Warren Harding established the Naval Petroleum Reserve (renamed National Petroleum Reserve - Alaska in 1976)
- 1980 Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- 1980 State of Alaska to receive 50% of the total revenue from NPR-A leases and impacted communities were given a priority to the revenue.

## Conflicting Laws

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### Under Federal Law

- Priority use of NPR-A funds by communities *most directly or severely impacted by development* of oil and gas within NPR-A

### Without a state law on the books (early 1980s)

- Legislature deposited half of the State's share into the Permanent Fund and .5% to the School Trust
- Legislature deposited the remainder of the funds in the General Fund

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## ... but a court suit followed

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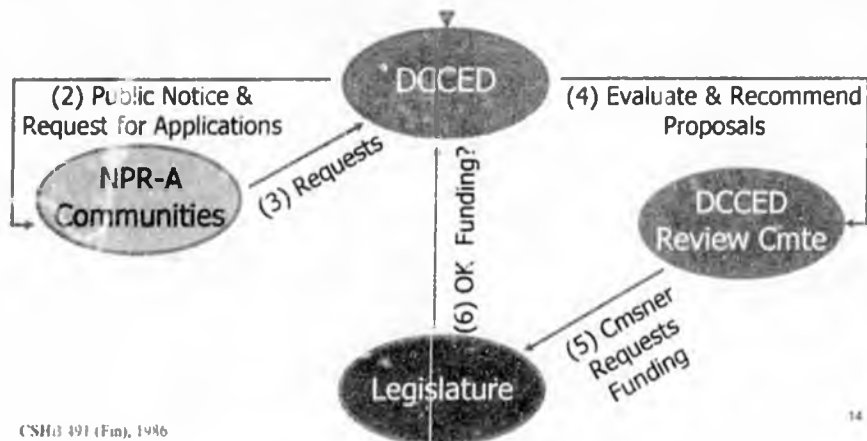
- In 1985, the North Slope Borough and NPR-A communities sued the state
- Superior Court Judge Carpeneti ruled in 1986
  - ① Automatic deposits into the Permanent Fund violate the federal law.
  - ② The State of Alaska has a mandatory duty to address NPR-A development-related impact needs.
  - ③ The duty imposed by the federal government ultimately falls upon the Alaska Legislature.

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So in 1986, the Legislature set up . . .

## The Current Mitigation Program

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



CSH0 491 (Fin), 1986

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## What does the law say?

- Federal Law – 42 U.S.C. 6508
  - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*
- Alaska State Law – AS 37.05.530
  - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*
- Alaska Regulations – 3 AAC 150.050
  - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Emphasis Added)

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## Over the years – “IMPACT” was rated as a minimum consideration

The criteria changed four times in six years.

<b>2000 CRITERIA</b>	Description – 15 points Impact – 50 points Budget – 15 points Sustain – 15 points Capability – 5 points	<b>2002 CRITERIA</b>	Description – 30 points Impact – 30 points Budget – 20 points Sustain – 15 points Capability – 5 points
<b>2004 CRITERIA</b>	Description – 25 points Impact – 25 points Budget – 20 points Sustain – 20 points Capability – 10 points	<b>2006 CRITERIA</b>	Description – 20 points Impact – 45 points Budget – 15 points Sustain – 5 points Capability – 15 points

As administered by the Department of Commerce, Community and Economic Development 16

## A FY06 example for review

Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

“Impact” on	Grant Application	But . . .
Population	“Construction of the oil production infrastructure and pipeline has driven up the growth of population.”	The population of Wainwright has only increased from 492 to 546 (11%) in 1990 – 2000.
Social and Cultural Values	“The social disruption prompted by oil and gas development affects many traditional activities.”	Wainwright is 220 miles from NPR-A development.

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05 530)

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## And another FY06 proposal . . .

Roller Rink Renovation Feasibility Study - \$63,556 – *To identify the costs to renovate the Barrow Roller Rink*

"Impact" on	Grant Application	But . . .
<b>Social and Cultural Values</b>	"The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture."	Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine.
<b>Unemployment</b>	"As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . ."	The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 37.05.530)

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## . . . and there are other concerns

Grants have been funded as capital projects with no lapse date.	BUT	The majority of the grants are for operating expenses.
New grants awarded before previous grants for the same purpose are done.	BUT	Two pending grants (\$439,015) for city operations; but FY07 awarded.
Awards are not based on successful completion of previous grants.	BUT	Cultural center operating grant ('02) approved; but center never built ('00).
Positive impacts as the result of oil and gas activities are not considered.	BUT	Residents enjoy free natural gas, job opportunities, tax base, low fuel costs.

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## Now is the time for a change

To listen to the Alaska Superior Court: ( *Barrow v. State*, March 18, 1986)

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them, and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues.”

(Emphasis Added)

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## Senate Bill 171 establishes . . .

### Special Legislative Impact Review Committee

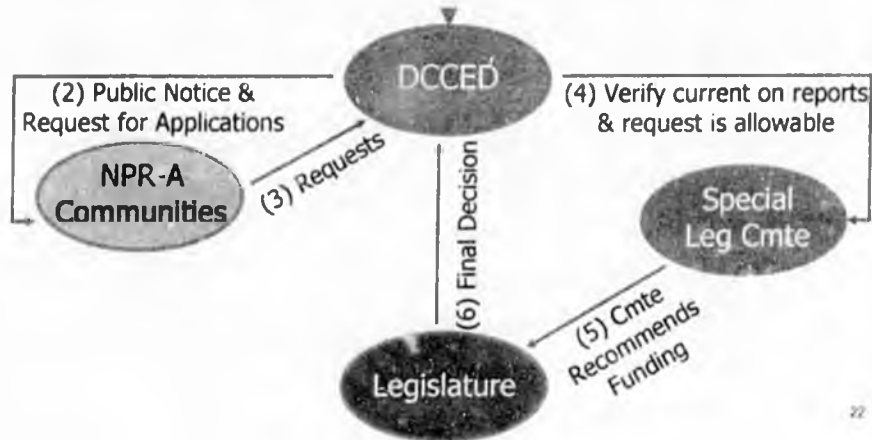
- Three members from Senate Finance and three from House Finance
- At least one member from the minority in each body and one member from an election district that includes NPR-A
- A majority from each body is necessary to approve a grant request

Note: The formal title of the committee is “Special Legislative Oil and Gas NPR-A Development Impact Review Committee.”

21

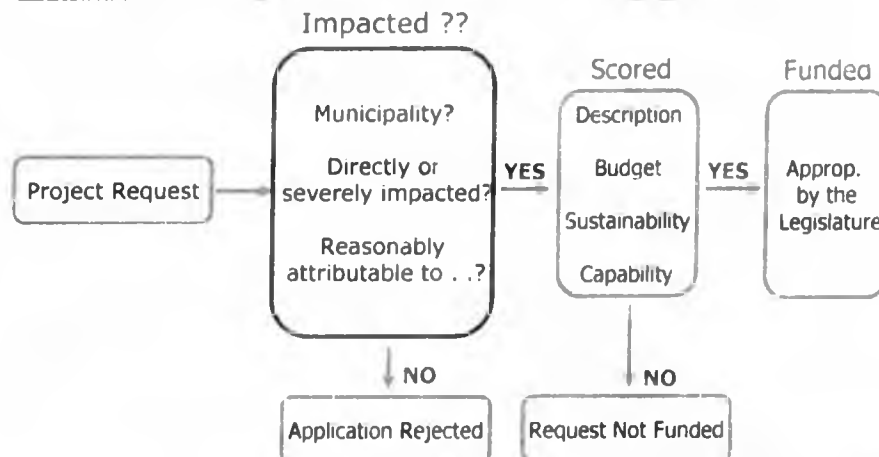
## ... and how will it work?

(1) U.S. Dept of Interior notifies DCCED regarding possible NPR-A Federal Receipts



*In Senate Bill 171*

## Impact is the First Criteria



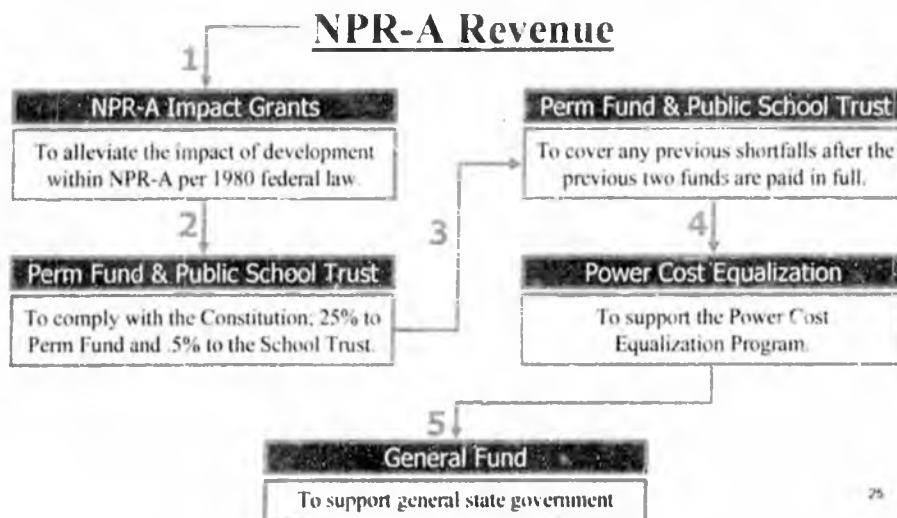
*The State shall give priority to subdivisions of the State most directly or severely impacted (42 U.S.C. 6508)*

## What are the advantages?

Current Process	Special Leg Cmte <i>(Senate Bill 171)</i>
1. DCCED Employees	1. Elected Officials
2. Closed Process	2. Open Process
3. Private Decisions	3. Public Decisions
4. Accountable only to state supervisor	4. Accountable to the public

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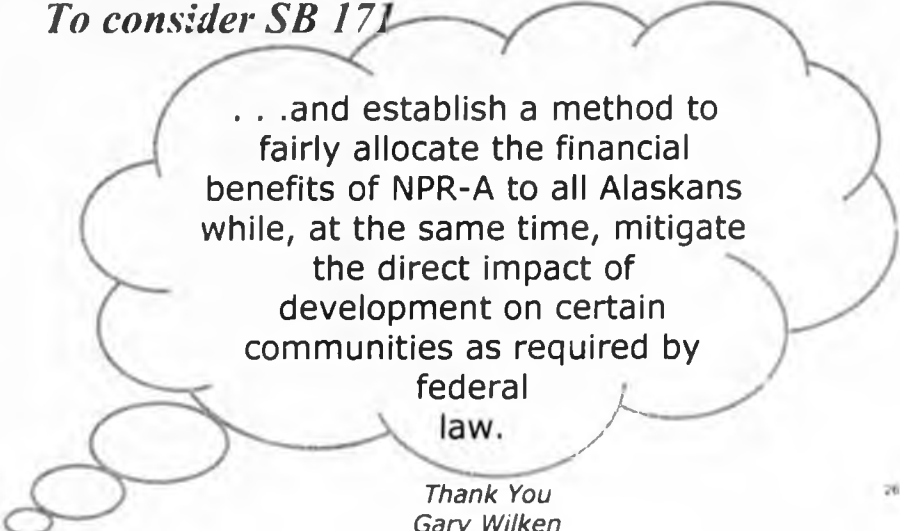
## Where does the money go in SB 171?



25

**Now is the time . . .**

*To consider SB 171*



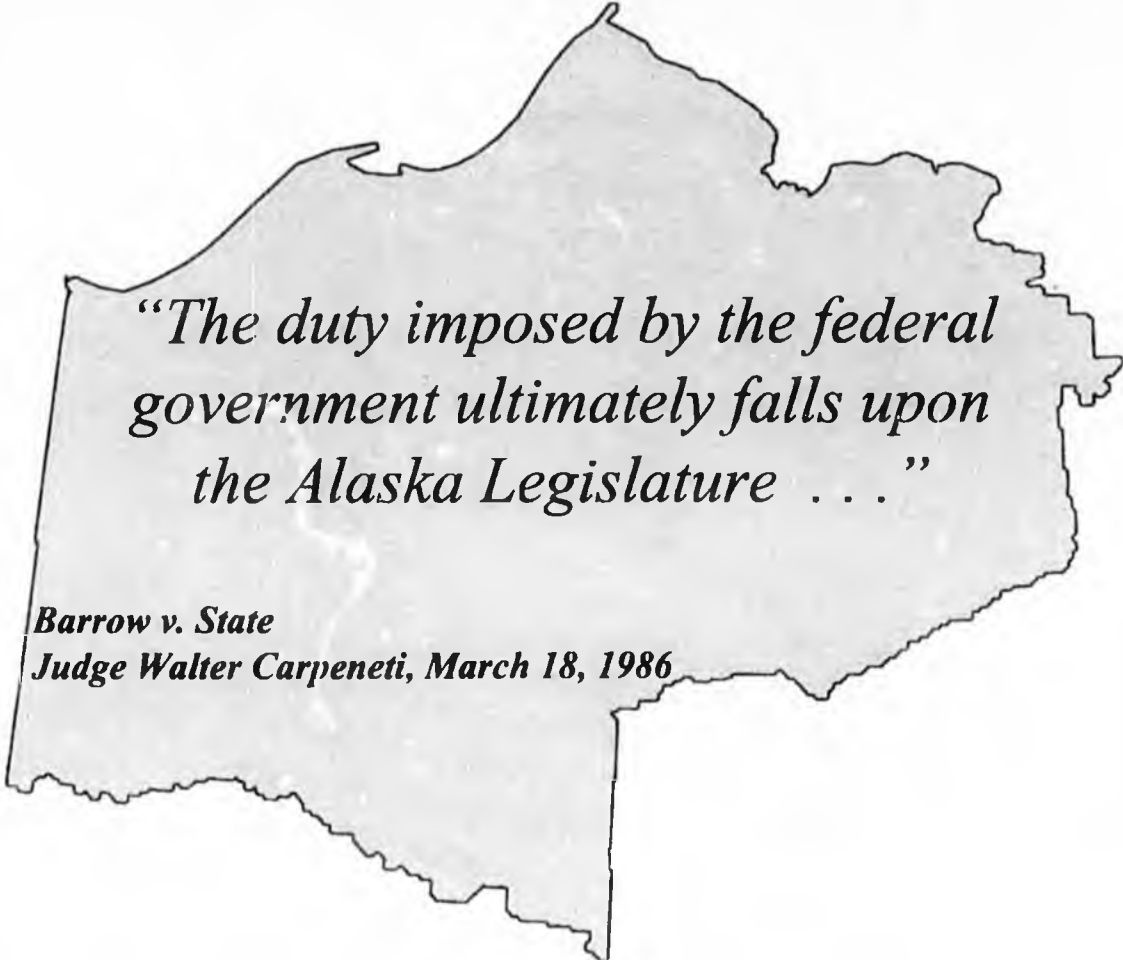
. . .and establish a method to  
fairly allocate the financial  
benefits of NPR-A to all Alaskans  
while, at the same time, mitigate  
the direct impact of  
development on certain  
communities as required by  
federal  
law.

*Thank You  
Gary Wilken*

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# Senate Bill 171

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*“The duty imposed by the federal government ultimately falls upon the Alaska Legislature . . . .”*

*Barrow v. State  
Judge Walter Carpeneti, March 18, 1986*

*In Alaska, there's a little-known fact . . .*

# . . . an exception to our Constitution

*Article IX, Section 15*

Alaska Permanent Fund Corporation

2006

**Fund**  **Investing in your future**  
**works**



, except those from NPR-A,

Inserted for  
SB 171

# **There's an account in front of our AK Permanent Fund – an “Impact Fund”**

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- The “Impact Fund” was inserted there in 1980 by federal legislation.
- Alaska State Constitution (*Art. IX, Sec. 15*) requires 25% percent to be deposited into the Alaska Permanent Fund.
- Since 1980, Alaska has received \$167.6 M from oil and gas development in NPR-A.

## **BUT**

- To date, only 15% has been deposited into our Permanent Fund.